# TAX STRUCTURE AND GROWTH:

# EVIDENCE FROM THE EU-27 DURING 1995 TO 2007

by

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## LIST OF ABBREVIATIONS

ct-consumption taxes

ctl-lagged consumption taxes

et-environmental taxes

etl-lagged environmental taxes

fdii-foreign direct investment inflows

fdiil-laggedforeign direct investment inflows

gfi-gross fixed investment

gfil-laggedgross fixed investment

ilppsrgdppc-initial log of purchasing power standard real GDP per capita

ilppsrgdppcl-lagged initial log of purchasing power standard real GDP per capita

itrc-implicit tax rate on consumption

itrcl-lagged implicit tax rate on consumption

itrk-implicit tax rate on capital income

itrkl-lagged implicit tax rate on capital income

itrl-implicit tax rate on labor income

itrll-lagged implicit tax rate on labor income

kt-capital taxes

ktl-lagged capital taxes

ldp-logged difference of population

ldpl-lagged logged difference of population

ldrgdppc-logged difference of real GDP per capita

ldprgdppc-logged difference of potential real GDP per capita

lt-labor taxes

ltl-lagged labor taxes

nl-general government net lending

nll-lagged general government net lending

opt-other property taxes

optl-lagged other property taxes

pt-property taxes

ptl-lagged property taxes

rtip-recursive taxes on immovable property

rtipl-lagged recursive taxes on immovable property

stea-working age secondary or tertiary educational attainment rate

steal-lagged working age secondary or tertiary educational attainment rate

tcitr-top corporate income tax rate

tcitrl-lagged top corporate income tax rate

te-general government total expenditures

tel-lagged general government total expenditures

tpitr-top personal income tax rate

tpitrl-lagged top personal income tax rate

tt-general government total tax revenue

ttl-lagged general government total tax revenue

## LIST OF COUNTRY CODES

be-Belgium

bg-Bulgaria

cz-Czech Republic

dk-Denmark

de-Germany

ee-Estonia

ie-Ireland

el-Greece

es-Spain

fr-France

it-Italy

cy-Cyprus

lv-Latvia

lt-Lithuania

lu-Luxembourg

hu-Hungary

mt-Malta

nl-Netherlands

at-Austria

pl-Poland

pt-Portugal

ro-Romania

sl-Slovenia

sk-Slovakia

fi-Finland

se-Sweden

uk-United Kingdom

**ABSTRACT**

An empirical model of economic growth derived from endogenous growth models is used to produce evidence for a relationship between tax structure and economic growth for the EU-27 during 1995-2007. Three measures of the taxes are examined: 1) implicit tax rates, 2) top income tax rates, and 3) tax structure as measured by the amount of revenue raised relative to GDP by different types of economic income or activities controlling for the overall level of tax revenues. Higher top personal income tax rates are found to be correlated with lower rates of GDP per capita growth and with lower rates of potential GDP per capita growth. On the other hand, a greater dependence on consumption taxes and on environmental taxes is found to be correlated with higher rates of GDP per capita growth and with higher rates of potential GDP per capita growth. Sensitivity checks, such as controlling for other possible determinants of growth and changing the specifications, suggest that these findings are relatively robust.

# Chapter 1

## INTRODUCTION

Initially when the European Community was founded structural issues were secondary to other issues such as agricultural policy. Starting with the accession of relatively less well-developed Ireland in 1973 this started to change. This trend accelerated with the accession of Greece in 1981, and Portugal and Spain in 1986. Largely due to the influence of these states the European budget has shifted away from the Common Agricultural Program towards Cohesion. With ten of the twelve states acceding to the European Union between 2004 and 2007 being relatively poorer states the problem of national income per capita dispersion further increased in importance. Although it is these very nations which are leading the EU in growth of GDP per capita, and seem on their way to closing the income gap at a rate faster than the "Club Med" countries, it is critical to analyze the forces that might lead to decreased dispersion of national income per capita and result in greater cohesion among the member states of the European Union.

A starting point clearly is the history of the "cohesion four." When Ireland joined the EC its GDP per capita was just 63% of France's. By 1986 it had risen to only 68% of France's GDP per capita. In that same year, Greece, Portugal and Spain each had 79%, 54%, and 72% respectively of France's GDP per capita. By 2007 Ireland's GDP per capita had soared to 136% of France's whereas Greece, Portugal and Spain had only

increased to 84%, 73% and 97% respectively (although a 2010 report by the European Commission stated that an investigation by Eurostat revealed significant weaknesses in the national services principally responsible for Excessive Deficit Procedure (EDP) data, in particular the National Statistical Service of Greece (NSSG), the General Accounting Office (GAO) and the Ministry of Finance (MOF)[1]). In terms of GDP per capita Ireland was second only to Luxembourg. In terms of 2007 GDP per hour worked, Ireland led the United States, and within the EU, was only surpassed by Luxembourg. Thus Ireland has probably reached the limits of relative growth. Until the global financial crisis Ireland was often referred to as the "Celtic Tiger." What were the primary causes of this spectacular performance?

Most economic analysts cite the following factors: 1) government spending restraint coupled with budget surpluses, 2) a well educated and English speaking workforce, 3) low corporate taxes, 4) good infrastructure, and 5) large amounts of foreign direct investment. The Irish government only started to make an effort to become fiscally responsible in the late 1980's and in fact has dramatically reduced the public debt as a percentage of GDP (partially due to the rapidly expanding economy). Ireland made secondary education free in 1966 and tertiary education has largely been free since 1999. Ireland's corporate taxes were gradually brought down until they were far lower than any other nation in the EU-15. While restraining total expenditures and going from a budget deficit to a budget surplus, public investment as a percentage of GDP actually has been increasing. All of these factors seem to have spurred massive amounts of direct foreign

[1] European Commission, "Report on Greek Government Deficit and Debt Statistics", COM(2010) 1 final, Brussels, January 8, 2010.

investment, mostly from the United States. American information technology corporations such as Dell, Intel, Microsoft and others have built export-oriented factories in Ireland. Today one out of every three computers built in Europe is built in Ireland.[2] It should be noted that many Americans are of Irish descent, and that Americans found Ireland to be further attractive because it was English speaking and located within a very large market.

However, the "Celtic Tiger" has been joined by the "Baltic Tigers." The Baltic states of Estonia, Latvia and Lithuania have experienced remarkable growth after the initial economic trauma that followed their political and economic independence from the Soviet Union in 1991-1992. In fact, Estonia, Latvia and Lithuania have seen their GDP per capita rise from of 30%, 27% and 30% respectively of France's level in 1994 to 65%, 53% and 58% respectively of France's level by 2007. The factors that are most often cited in this rapid economic transformation bear an interesting resemblance to the Irish experience: 1) relatively small government sectors combined with a policy of low to no gross public debt relative to output, 2) well educated workforces, 3) low flat corporate and personal income tax systems, 4) good infrastructure, and 5) healthy amounts of foreign direct investment. From 2000-2007 the Baltic States kept their general government expenditures below 40% of GDP. The only other EU-27 countries that have met that distinction are Ireland and Romania. Because of their rapid growth and a tendency towards running fiscal surpluses gross public debt levels in Estonia, Latvia and Lithuania stood at 3.7%, 9.0% and 16.8% of GDP respectively in 2007. The only other

[2] Barry, F. and D. Curran (2004), "Enlargement and the European Geography of the Information Technology Sector", *World Economy*, 27, No. 6, p. 906.

EU-27 nations that had comparably low public debt levels were Luxembourg (6.7% of GDP) and Romania (12.8% of GDP). In fact, Estonia's gross public debt level is so low, that in order to assess how well Estonia satisfies the Maastricht Treaty criteria concerning long term government interest rates, a proxy derived from private sector bond yields and interest rate indicators must be used since Estonia's government has no outstanding ten year bonds. Since 1995 all of the Baltic States have had adult secondary attainment rates above 80%. The only other EU-27 nation with such a record is the Czech Republic. The Baltic States inherited a well developed road, rail, port and airport infrastructure from the Soviet Union which they have maintained. In addition they have invested heavily in modern telecommunications to such an extent that Lithuania for example is ranked as having the world's 4th fastest internet upload speed, the 4th fastest download speed in the EU, the 3rd in the EU for the share of fixed broadband lines equal to or above 30Mbps, the highest fiber broadband penetration rate in Europe (31%), Europe's densest network of public internet access points (875 in total), Europe's broadest high-speed mobile broadband coverage with a 3.5G mobile internet penetration rate of 77%, the world's highest number of mobile telephone subscribers per 100 population, and Europe's highest GSM penetration rate (170%).[3] [4] But it is in the area of taxes where the Baltic States have most extended a quality that they have in common with the Irish model. Estonia implemented a flat corporate and personal income tax system in January 1994. Moreover Estonia went so far as to abolish the taxation of retained corporate earnings in 2000.

[3] Invest Lithuania, http://www.investlithuania.com/en/sectors/ICT, (accessed April 16, 2014).
[4] Enterprise Lithuania, http://old.verslilietuva.lt/en/excellent-infrastructure, (accessed April 16, 2014).

Lithuania and Latvia instituted their own flat personal income tax systems soon after in 1994 and 1995 respectively. The only other countries among the EU-27 to adopt flat personal income tax systems are Slovakia from 2004-12, and Romania, the Czech Republic and Hungary in 2005, 2008 and 2013 respectively. And, in fact, of the areas of intersection between the Irish and Baltic States' experience, it is tax policy which is the focus of this study.

Theoretically tax policy should have an effect on economic growth. Taxes affect private decisions, lead to reallocation of resources and generate deadweight losses. Most importantly, they can distort incentives to invest in physical or human capital. During periods of decreased incentives, growth rates should be slower. The degree to which tax systems affect economic growth is mainly the result of two things. One is the amount of resources they extract from private agents, or the tax level. The other is the manner in which they raise a given amount of revenue from private agents, or the tax structure. The macroeconomic literature on growth has tended to neglect the role of tax structure even though there may be substantial differences between the different types of taxes in their distortions and negative effects on economic performance.

Understanding the growth implications of tax structure is useful to tax policy design even if no change in the overall level of taxation is contemplated. The size of the public sector reflects political choices and optimal tax structure permits the implementation of those choices. In light of advances in the understanding of the growth implications of tax structure governments may consider changes in tax policy rather than

changes in the level of public goods and services in order to minimize the negative consequences for growth.

The relationship between the overall level of taxation or of public expenditures and growth across countries has been examined by several studies but little consensus has emerged about this relationship. This is probably because although higher tax levels may mean more economic distortion, higher levels of public expenditures may be beneficial for economic growth. The relationship between tax structure and growth is not subject to this uncertainty. One should be able to more easily determine if some types of taxes are more detrimental to economic growth than others.

This paper studies a panel of the EU-27 countries over the period from 1995-2007 in order to determine if there is such a pattern, and whether a greater dependence on some types of taxes is linked to faster economic growth. The EU is special because, unlike other similar collections of countries that have easily accessible and consistent data (i.e. the OECD), it is much more heterogeneous from a developmental point of view. The implicit tax rate, top income tax rate and structural tax data from the European Commission used here dates from 1995. The ending year of the period in question coincides with the last year before the current global great recession.

Some of the EU-27 nations were not members during all of 1995-2007. This distinction seemingly may matter in that membership in the EU leads to reduced barriers to trade and factor mobility. However it matters less in that all the countries that were not initially members were expected to be members in the near future. On the other hand, one important issue concerning accession countries that should also be mentioned is that

Bulgaria experienced hyperinflation, economic collapse and stabilization during 1996-1997. Only data for the implicit tax rate on capital is completely unavailable for Bulgaria. Thus it must be acknowledged with the exception of regressions involving only the implicit capital tax rate that this episode may have an effect on the tax variable analysis.

An empirical model of economic growth derived from endogenous growth models is used to produce evidence for a relationship between tax structure and economic growth. This model takes into account the principal determinants of GDP per capita growth identified in the previous growth literature, including initial real GDP per capita, physical and human capital, and population growth. In addition to these principal determinants, general government expenditures, general government net lending and foreign direct investment inflows are also considered. Tax rates and indicators of the tax structure are entered into the growth regressions to evaluate the relationship between taxes and GDP per capita and potential GDP per capita growth.

The tax policy implications are made clearer by looking at this issue from more than one or two viewpoints. Three measures of the taxes are examined: 1) implicit tax rates, 2) top income tax rates and 3) tax structure. Implicit tax rates (ITRs) measure the effective average tax burden on different types of economic income or activities, namely consumption, capital income and labor income. In each case, the ITR expresses aggregate tax revenues as a percentage of the potential tax base. The top corporate and personal income tax rates include existing surcharges and the averages of local taxes. Since it is implicit that flat income tax systems imply low top income tax rates any effect that flat tax systems have on growth should be captured by the analysis of top income tax rates.

Tax structure is measured by the amount of revenue raised relative to GDP by different types of economic income or activities controlling for the overall level of tax revenues. Thus the tax structure specifications are estimated under a government budget constraint which takes into account that in order to reduce one tax, another must be raised if revenues are to remain unchanged. This approach permits an evaluation of revenue-neutral changes in the tax structure and enables a comparison of the effect on growth by different categories of taxes. As with the estimations involving ITRs, three main categories of taxes are examined: taxes on consumption, capital income and labor income. In addition, environmental and property taxes are also evaluated, with property taxes further divided into recurrent taxes on immovable property and other property taxes. But since, under the EU tax classification system, environmental and property taxes each cut across the three primary categories of taxes on consumption, capital income and labor income, this analysis is carried on separately from the analysis on the three main categories of taxes. This research is innovative in that it appears to be the first study to use the potential real GDP per capita growth rate as a dependent variable in some of its regressions, and to be the first study to use measures of income tax structure purely by tax base (i.e. capital and labor) instead of by tax type (i.e. corporate and personal) in a revenue-neutral tax structure analysis.

A few conclusions result from the analysis. Higher top personal income tax rates seem to be correlated with lower rates of GDP per capita growth and with lower rates of potential GDP per capita growth. On the other hand, a greater dependence on consumption taxes and on environmental taxes seems to be correlated with higher rates of

GDP per capita growth and with higher potential GDP per capita growth. Sensitivity checks, such as controlling for other possible determinants of growth and changing the specifications, suggest that these findings concerning the effect of taxes on growth are relatively robust. Chapter 2 reviews the literature on the effect of tax level and structure on growth, Chapter 3 presents the basic model specification, Chapter 4 discusses the data and its sources, Chapter 5 reveals the regression analysis results, and Chapter 6 discusses the conclusions.

# Chapter 2

# LITERATURE REVIEW

## 2.1 Tax Level and Growth

Barro (1989) uses models of the endogenous growth to study the determination of per capita growth, investment in physical and human capital, and population growth. In particular he considers the effect of public infrastructure, maintenance of property rights, government consumption, and taxation, and the initial level of per capita income on per capita growth. He examines the predicted relationship by using a cross country sample over the period 1960-1985 that expands on a data set of 120 nations by Summers-Heston (1988). Barro adds information about the composition of government expenditures, proxies for economic freedom and property rights, measures of political stability, as well as additional data on levels of per capita GDP and the breakdown of GDP into components. The addition of these variables reduces the usable set of nations to 72. The findings show a significantly positive effect for investment spending and proxies for economic freedom as suggested by the models. They also confirm theoretical predictions concerning the interplay among population growth, investment in human capital (school enrollment), and the initial level of per capita income. Most importantly, in this context, the results show a systematically inverse relation between growth and government consumption expenditure and, implicitly, of the taxes that finance these services.

Koester and Kormendi (1989) use data from sixty-three countries over the period 1970-1979 to examine the impact of average and marginal tax rates on the level and growth of economic activity. Koester and Kormendi obtain their measure of marginal tax rates by regressing total tax revenues on GDP but do not distinguish between different tax instruments. They find that the apparent negative effects of average tax rates on growth disappear once the potential endogeneity of average tax rates to per capital income and the relation between economic growth and initial per capita income are controlled for. However they do find that, controlling for average tax rates, increases in marginal tax rates have negative effects on the level of economic activity. This evidence supports the hypothesis that reductions in the progressivity of tax rates induce an upward shift in the long run growth path.

Barro (1991) extends the empirical analysis of Barro (1989) to a set of 98 countries over the period 1960-1985. He finds that the growth rate of real per capita GDP is positively related to 1960 school enrollment rates (a proxy for initial human capital) and negatively related to the initial level of real per capita GDP. Barro also finds that countries with higher human capital have lower fertility rates and higher rates of physical investment to GDP. The results show that growth rates are positively related to measures of political stability, inversely related to a proxy for market distortions and insignificantly related to the share of public investment. As with Barro (1989) the results show an inverse relation between growth and the share of government consumption in GDP and by implication the taxes that finance these expenditures.

Engen and Skinner (1992) use data from 107 countries during the period 1970-85 to test whether government fiscal policy reduces economic growth through the distortionary effects of taxation and inefficient government spending or whether government plays a central role in economic development by providing public goods and infrastructure. The authors develop a model of fiscal policy and output growth that allows for government spending to influence private productivity, for either increasing or decreasing returns to scale, a transitional path away from the equilibrium growth path, and intratemporal tax distortions. Even after correcting for the potential of endogeneity in government policy, the results suggest that a balanced-budget increase in government spending and taxation reduces economic growth.

Levine and Renelt (1992) examine whether the conclusions drawn from cross-country regressions in previous studies that search for empirical linkages between long-run growth rates and a variety of economic policy, political, and institutional indicators are robust to small changes in the information set. They find that almost all the results are fragile. They do, however, identify a positive and robust correlation between the share of investment in GDP and the ratio of international trade to GDP, and the investment share in GDP and the rate of GDP per capita growth. They also show that there is a robust, negative correlation between the initial level income and growth over the 1960-1989 period when the equation includes initial secondary education enrollment but that this result does not hold over the 1974-1989 period.

Easterly and Rebelo (1993a) run a number of regressions using data for 28 nations over the period 1870-1988 and data for about 100 nations over the period 1970-1988.

Their main findings are that as countries develop they shift from depending on international trade taxes to income taxes as a source of government revenue, fiscal policy is heavily influenced by the scale of the economy as measured by the size of its population, and investment in transportation and communications is consistently correlated with growth. Most important in this context is their finding that the effects of taxation on growth are difficult to isolate empirically. Easterly and Rebelo suggest that the dependence of both growth and tax policy on initial income help explain why it is difficult to isolate the effects of tax policy on growth.

Easterly and Rebelo (1993b) experiment with a method for computing average marginal income tax rates that combines information on statutory rates, the amount of tax revenue collected and data on income distribution. Their method depends on the assumption that the marginal tax schedule has a logistic form as opposed to the more widely used alternative of assuming that the income tax is proportional. The authors regress the least squares growth rate of per capita consumption of 32 nations for the period from 1970 to 1988 on the level of real per capita GDP in 1970, on primary and secondary enrollment in 1960 (proxies for human capital), and the number of revolutions and coups and assassinations from 1970 to 1985 (measures of political instability). They obtain a negative but statistically insignificant coefficient when including (one at a time) their two measures of marginal income tax rates. In short, they find no significant correlation between tax rates and growth and conclude that the link is fragile.

Slemrod, Gale and Easterly (1995) review the cross-country literature and suggest that there is no persuasive evidence that the extent of government has either a positive or

a negative impact on either the level or the growth rate of per capita income. In particular they find the evidence to be very unstable with differing specifications of the parameters and alternate sets of countries considered resulting in changes in the signs of the estimated coefficients.

Mendoza, Milesi-Ferretti and Asea (1997) examine the evidence in favor of the conjecture by Arnold C. Harberger (1964a and 1964b) that although theory predicts that tax policy should be very effective in altering investment and growth in the long run, in practice tax rates have little ability to influence growth. First the authors analyze qualitatively and quantitatively the effects of tax changes on investment and growth in a class of endogenous growth models driven by human capital accumulation. Second the authors conduct econometric tests based on a cross country time series panel of 18 nations over the period 1965-1991 using new measures of tax rates and other determinants of GDP per capita growth. The numerical simulations used in the examination of endogenous growth theory show that the effects of tax changes on investment are significant but that the growth effects are very small and under some assumptions completely neutralized. The results of the empirical analysis similarly suggest that tax rates are a statistically significant determinant of investment but not of growth. Not surprisingly, while cuts in income tax rates were found to increase investment, cuts in consumption tax rates were found to decrease investment.

Fölster and Henrekson (2001) conduct an econometric panel study on 23 OECD and seven additional relatively more developed nations over the period 1970-1995. The country selection is restricted to “rich” countries because the authors contend that a

number of cross-country comparisons do not find a robust negative relationship between government size and economic growth in part because such countries tend to have large public sectors. In order to address the econometric issues of heteroskedasticity and within-country variation, extended extreme bounds analyses are reported. The authors find that the relationship between government size and economic growth is more robust the more these econometric problems are dealt with, and conclude that there is a negative relationship between government expenditure and consumption as a ratio of GDP and economic growth.

Agell, Ohlsson and Thoursie (2006) argue that the results reported by Fölster and Henrekson (2001) are flawed because they fail to control for simultaneity and ignore the issue of sample-selection bias. Replicating the econometric analysis of Fölster and Henrekson, Agell *et al.* find that the estimated partial correlation between size of the public sector and economic growth is statistically insignificant and highly unstable across specifications. In addition they conclude that all hypothesis tests are unreliable since the estimated correlation between the size of the public sector and economic growth is statistically insignificant and highly unstable across specifications. In short, Agell *et al.* dispute both the methodology and the results of Fölster and Henrekson's work, and conclude that cross-country growth regressions are unlikely to provide a reliable answer to the question of the growth effects of government spending and taxation.

Bergh and Karlsson (2010) investigate how the results change when four sub-dimensions the Fraser Institute's Economic Freedom Index (EFI) and the KOF Institute's Globalization Index are added to the 17 variables used by Fölster and Henrekson (2001).

Then they use the Bayesian Averaging over Classical Estimates (BACE) algorithm (developed by Doppelhofer *et al.* 2004) to run all possible combinations of the variables to examine the robustness of their results. In addition, they repeat the analysis using a revised dataset extended to cover the period 1970-2005. The BACE analysis demonstrates that the negative effect of taxes on growth during 1970-1995 is highly robust and is at least as large as indicated by Fölster and Henrekson. Revising and extending the sample period through 2005 strengthens the results, as the BACE analysis then finds that the negative effect of government expenditures on growth are also robust. Furthermore they find that freedom to trade, as measured by the EFI, is positively related to growth during 1970-2005. Bergh and Karlsson's analysis indicates that the negative relationship between government size and growth found by Fölster and Henrekson holds even when controlling for economic freedom and globalization. Thus they conclude there may be support for the idea that countries with big government can use economic openness to mitigate the negative growth effects of taxes and government expenditures. However, they admit that their results do not settle the issue of causality.

Afonso and Furceri (2010) examine how total government revenue and total government expenditures, as well as several components of government revenue and government expenditures, measured as a percent of GDP, and in terms of their business-cycle volatility, affect GDP per capita growth using 15 EU members and 13 other OECD members over seven 5-year periods from 1970 through 2004. They find that both the size and volatility of total government revenue, total government expenditures, indirect taxes, social contributions, and government consumption have a large, negative and statistically

significant effect on growth. They also find that the size of government subsidies, and the volatility of government investment, has a statistically significant negative effect on economic growth.

Bergh and Henrekson (2011) survey the literature on the relationship between the size of government and economic growth published in peer-reviewed journals since 2000. They restrict their attention to studies that use panel data involving advanced countries (i.e. EU, OECD or equally developed countries), measure total government size (i.e. total taxes or total government expenditures) and examine the effect of government size on growth of real GDP per capita. They conclude that for advanced countries, increasing taxes by 10 percent of GDP decreases the annual growth rate by 0.5% to 1.0%. But they note that estimates are very sensitive to reasonable changes in the set of control variables, which can produce an estimate of zero effect of taxes on growth. Their preferred method, the Bayesian Averaging over Classical Estimates (BACE) algorithm, estimates many regressions with different small subsets of control variables, and constructs an average estimate weighted by the R-squared value of each regression, and it is this which leads them to their main conclusion. They concede this does not really solve the problems of reverse causality and omitted variable bias, or the fact that controlling for variables that are partly the outcome of the causal effect that one is trying to estimate can also lead to biased estimates. They also concede that Scandinavian countries have clearly achieved high growth despite having higher tax burdens, or what Thakur *et al.* (2003) referred to as the "flight of the bumblebee." Bergh and Henrekson discuss the possibilities that countries with larger government sectors compensate for having higher tax burdens by

implementing well-designed policies and constructing good institutions, and that the development of larger government sectors without harming the economy is enabled by having cultures with higher social trust levels.

## 2.2 Tax Structure and Growth

Miller and Russek (1997) methodically examine the effects of fiscal structure on growth using a sample of 16 developed countries and 23 developing countries over the period 1975-1984. They impose the government budget constraint on the regression equations so that the precise changes in fiscal policy can be identified, employing fixed effect and random effect methods. For the sample of developing countries they find that government spending increases financed by debt decrease growth, and that government spending increases financed by increases in corporate income taxes or personal income taxes increase growth. For the sample of developed countries they find that debt-financed government spending increases do not affect growth, but that government spending increases financed by increases in personal income taxes or social security contributions decrease growth. For neither group of countries do they find a statistically significant effect of consumption taxes on growth. They also find that different categories of spending affect growth differently. Debt-financed increases in spending on defense, healthcare, social security and welfare decrease growth in developing countries whereas debt-financed increases in spending on education increase growth in developed countries.

Kneller, Bleaney, and Gemmell (1999) systematically test the hypothesis that the impact of fiscal policy on growth depends on the structure as well as the level of taxation and expenditure by using a panel data set for 22 OECD countries over the period 1970 to

1995, aggregating the data into 5-year averages to take out short-run factors. One important aspect of their methodology is that they take into account the implicit financing assumptions associated with the government budget constraint. Kneller *et al.* also make a distinction between income and property taxes, which they define as "distortionary", and consumption and other taxes, which they refer to as "nondistortionary." They conclude that the former reduce growth while the latter do not. In addition, they show that general public service, defense, educational health, housing, transport and communication expenditures, which they define as "productive", contribute to growth, whereas social security, welfare, recreation and economic services expenditures, which they term "nonproductive", are detrimental to growth.

Bleaney, Gemmell and Kneller (2001) test the hypothesis that government expenditures and taxation have both temporary and permanent effects on growth using panels of annual and period-averaged data for 22 OECD countries during 1970-95, isolating long-run from short-run fiscal effects by using five-year averages with current-period effects only or with current and lagged effects, and by estimating the model with the original annual data but with long lags. The results suggest that long-run fiscal effects are not fully captured by period averaging and static panel methods. Bleaney *et al.* also find that productive expenditures and budget surpluses raise the growth rate, and that distortionary taxes reduce it. The results also suggest that consumption taxes can realistically be regarded as nondistortionary, rather than less distortionary than income taxes, and that education and health expenditures have a positive impact on growth similar to other productive expenditures.

Padovano and Galli (2001) estimate the overall effective marginal tax rates for 23 OECD countries in each of the decades, 1951-1960, 1961-1970, 1971–1980, 1981–1990, by estimating a regression of the annual total tax revenues on annual gross domestic product. They deal with estimation bias due to comprehensive tax reform through the use of level and slope dummies. Padovani and Galli then regress the average growth rates over each decade on the marginal effective tax rates along with a variety of conditioning variables and find that high marginal effective tax rates and tax progressivity are negatively correlated with growth.

Widmalm (2001) uses pooled cross-sectional data from 23 OECD countries over the period 1965-1990 to show that tax structure affects economic growth. In particular she finds that the proportion of tax revenue raised by taxing personal income is negatively correlated with economic growth, and that there is a tendency for consumption taxes to be growth enhancing. By systematically controlling for a variety of plausible growth determinants the author shows that these results are robust. In addition, the results demonstrate that there is some evidence that the long-run income elasticity of tax revenue, a measure of progressivity, is correlated with lower rates of economic growth.

Padovano and Galli (2002) use a panel of 25 industrialized countries over the period from 1970 to 1998 to compare the impact of average and marginal tax rates and tax progressivity on growth. Padovano and Galli estimate the overall effective marginal tax rate on income of a country in each of the decades 1970–1979, 1980–1989 and 1990 to 1998, by estimating a regression of the annual total tax revenues on annual gross domestic product dealing with estimation bias due to comprehensive tax reform through

the use of level and slope dummies. They find that marginal effective tax rates and tax progressivity have a negative correlation with economic growth and that even after controlling for a variety of state and policy variables this correlation turns out to be robust. On the other hand, average effective tax rates show no noticeable growth effect, which they suggest is due to their high correlation with average fiscal spending.

Lee and Gordon (2005) use a cross-sectional data set of 70 nations over the period 1970-1997 to explore how tax policies affect a country's growth rate. They find that controlling for various determinants of economic growth that statutory corporate tax rates are significantly negatively correlated with cross-sectional differences in average economic growth rates. Lee and Gordon also find that in fixed-effect regressions increases in corporate tax rates lead to lower future growth rates within countries. The coefficient estimates suggest that a cut in the statutory corporate tax rate by 10 percentage points will raise the annual growth rate by one to two percentage points. On the other hand the authors find that other tax variables, including the average tax rate on labor income and the effective overall marginal tax rate, are not significantly correlated with economic growth. They also report results that show personal income tax revenue is lower when statutory corporate tax rates are lower, suggesting that lower corporate tax rates encourage more entrepreneurial activity. Lee and Gordon use these results to suggest that explicit investments by entrepreneurs in the creation of new ideas may be a more important factor than investment in physical or human capital in generating growth.

Angelopolous, Economides and Kammas (2007) use a panel of 23 OECD countries over the period 1970-2000 to examine the effects of the mix of government

expenditures and the composition of the associated tax burden on economic growth. They find that the ratio of productive government expenditures to total government expenditures is significantly and robustly positively correlated to GDP growth when the tax burden is measured by using effective tax rates and top income tax rates. They also find that total tax revenue and total expenditures as a ratio of GDP are significantly negatively correlated with growth, although the total tax revenue result is not robust. When using disaggregated tax measures, they find that the growth effect of the effective tax rate on labor is significantly negative, and that the growth effect of the top corporate income tax rate is significantly positive, although neither result is robust. Thus the significant negative effect of the statutory corporate tax rate obtained in Lee and Gordon (2005) from a sample of 70 advanced and developing nations does not seem to apply when confined to OECD countries. Finally, Angelopolous *et al.* find the effect of the effective tax rate of capital on growth is positive although not significant.

Romero-Avila and Strauch (2008) focus on a set of 15 EU members over the period 1960-2001 to investigate whether there have been persistent shifts or trends in economic growth and fiscal variables, and to estimate the long-run effect of fiscal policies on growth and private investment using a distributed lag model. They find some persistent deterministic changes in per-capita GDP growth rates and public finances. However, looking at stochastic trends they find fiscal variables generally show persistence over time, while output growth rates appear to be fairly stable. They also find strong evidence of cointegration between the expenditure and revenue sides of the budget, as is expected on theoretical grounds. The estimated growth equations show that

total government expenditures have a statistically significant negative correlation with growth, and that the total government revenue usually has a statistically significant correlation with growth, but that it switches sign depending on the specification. Using disaggregated fiscal variables, Romero-Avila and Strauch find that direct taxes, indirect taxes, public investment and the effective tax rate on consumption have a statistically significant positive correlation with growth, while government consumption and government transfers have a statistically significant negative correlation with growth. Social security contributions have a statistically significant negative correlation with growth in one specification, but they have a positive, albeit not statistically significant, correlation with growth in another specification. Finally, the estimated private investment equations show that total government revenue, direct taxes and distortionary taxes have a statistically significant, although not robust, negative correlation with private investment. However, they also show that the effective tax rate on capital is significantly robustly negatively correlated with private investment.

Arnold (2008) uses a set of panel regressions for 21 OECD nations over the period 1971-2004 to examine the relationship between tax structures and economic growth. The accumulation of both physical and human capital is accounted for. The results of the analysis allow for a more precise ranking of tax instruments with respect to growth than had been achieved previously. The findings show that recurrent taxes on immovable property are the most correlated with economic growth, followed by other forms of property taxes, consumption taxes, personal income taxes and then corporate income taxes, in that order. These results suggest that a pro-growth and revenue-neutral

tax reform would be to shift the source of revenue away from income taxes, particularly corporate taxes, towards recurrent property and consumption taxes. The author also uses a simple measure of progressivity based on the relationship between average and marginal tax rates to show evidence of a negative relationship between the progressivity of personal income taxes and growth. And he controls for a variety of other determinants of economic growth and instruments the tax indicators in order to show that these results are robust.

Johansson, Heady, Arnold, Brys and Vartia (2008) investigate the design of tax structures to promote economic growth by discussing recent OECD research on the topic. They suggest a "tax and growth" ranking of taxes with corporate taxes being the most harmful for growth, followed by personal income taxes, then consumption taxes and recurrent taxes on immovable property having the least impact. They argue that a revenue neutral growth-oriented tax reform would shift revenue from income taxes to less distortive taxes such as recurrent taxes on immovable property or consumption taxes. The paper adds to the previous research by using industry and individual firm level data to show how redesigning taxation within broad tax categories could lead to efficiency gains.

Arnold, Brys, Heady, Johansson, Schwellnus and Vartia (2011) use the same panel of 21 OECD countries over the period 1971-2004 as Arnold (2008) to estimate the effect of tax structure on growth in more detail than the earlier work. They complement the macroeconomic approach of the earlier paper with a closer look at the underlying microeconomic mechanisms, by using both industry and individual firm level data. At these disaggregated levels they estimate the effects of tax structure on investment and

productivity growth, two of the main drivers of economic growth. They then make use of this analysis to identify which growth-enhancing tax changes can also aid recovery from economic recession, taking account of the need to protect those on low incomes. They conclude that the tax changes that show the most promise in terms of both increasing long run growth and promoting economic recovery are the reduction of income taxes and social security contributions of those on low incomes. They argue that these tax changes would stimulate demand, increase work incentives and reduce income inequality. Finally, they suggest that any necessary tax increases after the recovery would be least harmful to growth if they were based on increasing recurrent taxes on immovable property and consumption taxes.

Gemmell, Kneller and Sanz (2011) use a panel of 16 OECD countries over the period 1970-1998 to explore fiscal-growth dynamics explicitly. By allowing fiscal-growth responses to be heterogeneous across countries and over time they examine how robust "long-run" results are in a context that allows for short-run dynamics. The results show that most of the growth effects of fiscal policy are achieved within a few years and those fiscal changes that have positive growth effects, such as an increase in productive expenditures, are often accompanied by fiscal changes with negative growth effects, such as increases in distortionary taxes. The authors test for the potential endogeneity of those fiscal-growth effects, and conclude that there is some doubt over the true long-run impact of budget surpluses on growth, but that strong long-run effects observed for distortionary taxation and productive expenditures do not appear to be the result of endogeneity. Finally, by using a pooled mean group model Gemmell *et al.* provide evidence that fiscal

policy effects on growth are short-run and significant, but that they are also persistent, provided that they are not reversed.

## Chapter 3

## MODEL SPECIFICATION

To provide a basic framework for examining the impact of tax structure on growth in the European Union, the following analysis utilizes the extension of the neoclassical framework by Barro (1991) and Mankiw, Romer and Weil (1991) to examine issues related to convergence of per capita growth across countries, and the role of human capital in determining the rate of convergence.

Assume a Cobb-Douglas production function, with production at time t given by:

$$Y(t) = K(t)^{\alpha} H(t)^{\beta} (A(t)L(t))^{1-\alpha-\beta} \quad \alpha + \beta < 1 \qquad (1)$$

where $Y$, $L$ and $A$ denote the levels of output, labor, and technology respectively; $K$ and $H$ denote the capital stock and human capital stock respectively. $L$ and $A$ are assumed to grow exogenously at rates $n$ and $\gamma$; therefore $N = LA$ which can be interpreted as effective labor or labor measured by efficiency units. Therefore $N$ grows at a rate of $n + \gamma$, i.e.:

$$\frac{\dot{N}}{N} = n + \gamma \qquad (2)$$

Let $S_k$ and $S_h$ be the share of income invested in physical capital and human capital respectively. Following Mankiw *et al.* (1992) assume both type of capital stock depreciate at the same rate $\delta$. That is:

$$\dot{k} = I_k - \delta k \qquad (3a)$$

$$\dot{h} = I_h - \delta h \tag{3b}$$

where $I_k$ and $I_h$ denote physical capital and human capital investment, respectively.

In equilibrium, aggregate savings equal aggregate investment. Define $k$ and $h$ as the stock of physical capital and human capital per effective units of labor, i.e., $k = K/AL$ and $h = H/AL$; and let $y$ be the level of output per effective unit of labor, $y = Y/AL$. The evolution of $k$ and $h$ is given by the following:

$$\dot{k} = S_k Y - (n + \gamma + \delta)k \tag{4a}$$

$$\dot{h} = S_h Y - (n + \gamma + \delta)h \tag{4b}$$

In steady state, $\dot{k} = \dot{h} = 0$ and the two types of capital stock converge to $k^*$ and $h^*$. That is:

$$k^* = \left(\frac{S_k^{1-\beta} S_h^{\beta}}{n+\gamma+\delta}\right)^{1/(1-\alpha-\beta)} \tag{5a}$$

$$h^* = \left(\frac{S_k^{\alpha} S_h^{1-\alpha}}{n+\gamma+\delta}\right)^{1/(1-\alpha-\beta)} \tag{5b}$$

Substituting (5a) and (5b) in the production function and taking logs gives the following equation for income per capita in the steady state:

$$ln(y^*) = \frac{\alpha}{1-\alpha-\beta} ln(S_k) + \frac{\beta}{1-\alpha-\beta} ln(S_h) - \frac{\alpha+\beta}{1-\alpha-\beta} ln\,(n + \gamma + \delta) \tag{6}$$

To obtain an estimating equation in terms of income per capita, rather than in terms of income per unit of effective labor as above note that $A(t) = A(0)e^{\gamma t}$. In the standard neoclassical framework $\gamma$, which reflects primarily the advancement of

knowledge, is assumed to be constant across countries. In contrast, $A(0)$ reflects, in addition to technology resource endowments, institutions and other variables likely to differ across countries. So $\ln A(0) = a + \varepsilon$ where $a$ is a constant and $\varepsilon$ is a country specific-variable. Substituting for $A$ in $y = Y/AL$, gives:

$$ln\left(\frac{Y}{L}\right) = a + \gamma t + \frac{\alpha}{1-\alpha-\beta} ln(S_k) + \frac{\beta}{1-\alpha-\beta} ln(S_h) - \frac{\alpha+\beta}{1-\alpha-\beta} ln(n + \gamma + \delta) + \varepsilon \qquad (7)$$

Thus income per capita depends on physical capital and human capital investment, population growth and technological progress. If there is no distinction between physical and human capital, equation (7) reverts to the basic Solow (1956) model. In such a case income per capita is simply as a function of the aggregate saving rate, population growth, and exogenous technological change. That is:

$$ln\left(\frac{Y}{L}\right) = a + \gamma t + \frac{\alpha}{1-\alpha} ln(S) - \frac{\alpha}{1-\alpha} ln(n + \gamma + \delta) + \varepsilon \qquad (8)$$

where $\alpha$ now refers to the share of aggregate capital income, and $S$ is the aggregate savings (and investment) rate. This equation has become the mainstay of empirical growth analysis.

The specification of equations (7) and (8) is based on the rather strong assumption that all countries are at their steady states. However, it is also possible to utilize a more general framework that allows estimation of the effect of various explanatory variables on per capita growth rates (rather than on cross-sectional variation in income per capita).

Following Mankiw, Romer and Weil (1992) the transition to steady state is approximated by the following equation:

$$\frac{d\,ln(y(t))}{dt} = \lambda\left[\left(ln\left(y^*(t)\right) - ln\,(y(t))\right]\right. \tag{9}$$

Where $\lambda = (n + \gamma + \delta)(1 - \alpha - \beta)$ is the speed of convergence; $y(t)$ is the actual output per effective worker at time $t$; and $y^*$is the steady-state level of income at time $t$ as given by equation (7). Equation (9) can be rewritten as follows:

$$ln\left(y(t)\right) = \left(1 - e^{-\lambda t}\right) ln(y^*) + e^{-\lambda t} ln\,(y(0)) \tag{10}$$

where $y(0)$ is income per effective worker at some initial date.

Subtracting $ln\left(y(0)\right)$ from both sides gives:

$$ln\left(y(t)\right) - ln\left(y(0)\right) = \left(1 - e^{-\lambda t}\right) ln(y^*) + e^{-\lambda t} ln\,(y(0)) \tag{11}$$

Substituting for $y^*$ from equation (7) yields:

$$ln\left(y(t)\right) - ln\left(y(0)\right) =$$

$$(1 - e^{-\lambda t})\left[\frac{\alpha}{1-\alpha-\beta} ln(S_k) + \frac{\beta}{1-\alpha-\beta} ln(S_h) - \frac{\alpha+\beta}{1-\alpha-\beta} ln(n + \gamma + \delta) - ln\,(y(0))\right] \tag{12}$$

where the left hand side of the equation is the growth of per capita income.

Equation (12) is similar to the transitional equation estimated by Mankiw, Romer and Weil (1992). It forms the basis for the following empirical analysis of the effects of physical and human capital investment on per capita income growth. In estimating the equation allowances were made for cross-country differences in $\gamma$, reflecting tax

structure, technological change, macroeconomic stability, and other factors affecting economic growth.

# Chapter 4

## DATA

All real GDP per capita data is in 2005 Purchasing Power Standard (PPS) and is derived by taking real GDP in 2005 national currency units, dividing by population, and converting to PPS by multiplying by 2005 national weights. PPS national weights are derived by dividing 2005 GDP in PPS by 2005 nominal GDP in national currency units. All real GDP in 2005 national currency units, national population, GDP in PPS and nominal GDP in national currency unit data comes from the Annual Macro-Economic Database (AMECO) of the European Commission. Level real GDP is entered into the equations in logged form and growth rates are entered as logged differences. Real GDP per capita in 1994 ranges from a low of 5,151, 5,384, 5,533, and 5,896 in Latvia, Romania, Bulgaria, and Lithuania respectively to a high of 40,392 in Luxembourg in 2005 PPS. The median real GDP per capita is 15,529 in Cyprus in 2005 PPS. Real GDP per capita in 2007 ranges from a low of 9,037 and 9,392 in Romania and Bulgaria respectively to a high of 61,773 in Luxembourg in 2005 PPS. The median real GDP per capita is 22,053 in Greece in 2005 PPS. The annual rate of real GDP per capita growth over the period 1995-2007 ranges from a low of an average 1.4%, 1.5% and 1.6% in Italy, Germany and France respectively to a high of an average of 7.1%, 7.5% and 7.6% in Lithuania, Latvia and Estonia respectively. The median annual rate of real GDP per capita growth over 1995-2007 is an average of 3.2% in Greece.

All potential real GDP per capita data is derived by taking real potential GDP in 2005 national currency units and dividing by population, both of which come from AMECO. Growth rates are entered into the equations as logged differences. A total of 28 out of a possible of 351 observations for 12 nations from 1995-1998 are missing. The annual rate of potential real GDP per capita growth over the period 1995-2007 ranges from a low of an average 1.1%, 1.2% and 1.4% in Italy, France and Germany respectively to a high of an average of 5.0% in Ireland (excluding the Baltic States). The median annual rate of potential real GDP per capita growth over 1995-2007 is an average of 2.1% in the Netherlands and Spain.

All gross fixed investment data is derived by dividing nominal gross fixed investment by nominal GDP in national currency units, both of which come from AMECO. Gross fixed investment is entered into the equations in decimal form. Gross fixed investment over the period 1995-2007 ranges from a low of an average of 17.1% and 17.3% of GDP in the United Kingdom and Sweden respectively to a high of an average of 28.1%, 28.1% and 29.6% of GDP in the Czech Republic, Slovakia and Estonia respectively. The median gross fixed investment averages 21.3% of GDP in the Grand Duchy of Luxembourg.

Secondary or tertiary educational attainment among 25-64 year olds data comes from Eurostat. A total of 57 out of a possible of 378 observations for 19 nations from 1994-1999 are missing. As a result missing observations are interpolated or extrapolated using simple arithmetic averaging or average arithmetic rates of change. Since a similar approach was taken by Arnold (2008) to educational attainment data there is precedent

for this. All secondary and tertiary education attainment data is entered into the equations in decimal form. Secondary or tertiary educational attainment over the period 1995-2007 ranges from a low of an average of 19.4% and 22.5% in Malta and Portugal respectively to a high of of an average of 86.3% and 87.2% in the Czech Republic and Estonia respectively. The median secondary or tertiary educational attainment is an average of 69.3% in Romania.

Population data comes from AMECO. Growth rates are entered into the equations as logged differences. The annual rate of population growth over the period 1995-2007 ranges from a low of an average of -1.0%, -1.0%, -0.7% and -0.7% in Latvia, Lithuania, Bulgaria and Estonia respectively to a high of an average of 1.3%, 1.4% and 1.6% in Luxembourg, Cyprus and Ireland respectively. The median annual population growth over the period 1995-2007 averages 0.3% in Finland, Austria and Sweden.

All general government expenditures data is derived by dividing nominal general government expenditures by nominal GDP, both of which come from AMECO. Ten out of a possible 378 observations are missing for general government expenditures, all for the year 1994. General government expenditures are entered into the equations in decimal form. General government expenditures as a percent of GDP over the period 1995-2007 ranges from a low of an average of 35.0% and 35.5% of GDP in Ireland and Romania respectively to a high of of an average of 54.9% and 56.8% of GDP in Denmark and Sweden respectively. The median general government expenditure as a percent of GDP is an average of 44.1% in Slovakia.

All general government net lending data is derived by dividing nominal general government net lending by nominal GDP, both of which come from AMECO. Of the 378 possible observations seven are missing and all for the year 1994. General government net lending is entered into the equations in decimal form. General government net lending over the period 1995-2007 ranges from a low of an average of negative 6.5%, 5.7%, 5.7% and 5.5% of GDP in Hungary, Greece, Malta and Slovakia respectively to a high of an average of positive 2.0% and 2.5% of GDP in Finland and Luxembourg respectively. The median general government fiscal surplus as a percent of GDP averages -2.7% of GDP in Lithuania and Slovenia.

Foreign direct investment (FDI) inflows as a percent of GDP data comes from the United Nations Conference on Trade and Development (UNCTAD). Separate data is not available for Belgium and Luxembourg for the years 1994 through 2001. FDI inflows are entered into the equations in decimal form. FDI inflows over the period 1995-2007 ranges from a low of an average of 0.7% and 1.1% of GDP in Greece and Italy respectively to a high of an average of 9.7% and 10.0% of GDP in Bulgaria and Malta respectively (excluding Luxembourg). The median level of FDI is an average of 4.3% and 4.4% of GDP in the United Kingdom and Denmark respectively.

Implicit tax rate on consumption data comes from European Commission. A total of five out of a possible 351 observations are missing for Greece over 1995-1999. The implicit tax rate on consumption is entered into the equations in decimal form. The implicit tax rate on consumption over the period 1995-2007 varies from a low of an average of 11.8% in Romania to a high of an average of 33.0% in Denmark. The median

implicit tax rate on consumption is an average of 19.6% and 20.3% in the Czech Republic and Estonia respectively.

Implicit tax rate on capital data comes from the European Commission. A total of 88 out of a possible 351 observations are missing for a total of eight nations. The implicit tax rate on capital is entered into the equations in decimal form. The implicit tax rate on capital over the period 1995-2007 varies from a low of an average of 9.2% in Lithuania to a high of an average of 38.6% and 38.9% in France and the United Kingdom respectively. The median implicit tax rate on capital is an average of 24.7% in Cyprus.

Implicit tax rate on labor data comes from European Commission. A total of nine out of a possible 351 observations are missing for a total of four nations in 1995 and 2000-04. The implicit tax rate on labor is entered into the equations in decimal form. The implicit tax rate on labor over the period 1995-2007 varies from a low of an average of 20.8% in Malta to a high of an average of 45.5% in Sweden. The median implicit tax rate on labor is an average of 36.9% in Estonia.

Top corporate tax rate data comes from the European Commission. The top corporate tax rate is entered into the equations in decimal form. The top corporate tax rate over the period 1995-2007 varies from a low of an average of 19.3% in Hungary to a high of an average of 42.4% and 46.2% in Italy and Germany respectively. The median top corporate tax rate is an average of 30.6% in the United Kingdom.

Top personal income tax rate data comes from the European Commission. The top personal tax rate is entered into the equations in decimal form. The top personal income tax rate over the period 1995-2007 varies from a low of an average of 25.0% and

25.3% in Latvia and Estonia respectively to a high of an average of 63.5% in Denmark. The median top personal income tax rate is an average of 42.5% in Greece.

General government total tax revenue as a percent of GDP data comes from the European Commission. General government total tax revenue is entered into the equations in decimal form. General government total tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 28.2%, 29.0% and 29.1% in Romania, Malta and Lithuania respectively to a high of an average of 49.1% and 49.3% in Denmark and Sweden respectively. The median general government total tax revenue as a percent of GDP is an average of 34.8% in the Czech Republic.

General government consumption tax revenue as a percent of GDP data comes from European Commission. General government consumption tax revenue is entered into the equations in decimal form. General government consumption tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 8.0% of GDP in Romania to a high of an average of 15.1% and 15.9% of GDP in Hungary and Denmark respectively. The median general government consumption tax revenue as a percent of GDP is an average of 11.9% in Greece.

General government capital tax revenue as a percent of GDP comes from European Commission. General government capital tax revenue is entered into the equations in decimal form. General government capital tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 2.7%, 3.0%, 3.5%, 3.6% and 3.7% of GDP in Estonia, Lithuania, Latvia, Romania and Slovenia respectively to a

high of an average of 12.4% of GDP in Luxembourg. The median general government capital tax revenue as a percent of GDP is an average of 7.2% in Denmark.

General government labor tax revenue as a percent of GDP comes from European Commission. General government labor tax revenue is entered into the equations in decimal form. General government labor tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 8.3% of GDP in Romania to a high of an average of 30.1% in Sweden. The median general government labor tax revenue as a percent of GDP is an average of 16.2% in Spain.

General government environmental tax revenue as a percent of GDP data comes from European Commission. General government labor tax revenue is entered into the equations in decimal form. General government environmental tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 1.7% of GDP in Romania to a high of an average of 4.8% of GDP in Denmark. The median general government environmental tax revenue as a percent of GDP is an average of 2.5% in Austria, Bulgaria, the Czech Republic and Greece.

General government total property tax revenue as a percent of GDP data comes from European Commission. General government total property tax revenue is entered into the equations in decimal form. General government total property tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 0.3% of GDP in Bulgaria and Estonia to a high of an average of 4.0% of GDP in the UK. The median general government total property tax revenue as a percent of GDP is an average of 1.1% in Cyprus, Finland and Malta.

General government recurrent taxes on immovable property revenue as a percent of GDP data comes from European Commission. General government recurrent taxes on immovable property revenue are entered into the equations in decimal form. General government environmental tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 0.0% of GDP in Malta to a high of an average of 3.1% of GDP in the UK. The median general government recurrent taxes on immovable property tax revenue as a percent of GDP are an average of 0.4% in Lithuania, Romania, Slovenia, Portugal, Finland and Slovakia.

General government other property tax revenue as a percent of GDP data comes from European Commission. General government other property tax revenue is entered into the equations in decimal form. General government other property tax revenue as a percent of GDP over the period 1995-2007 varies from a low of an average of 0.0% of GDP in Estonia, Ireland, Latvia and Poland to a high of an average of 1.7% of GDP in Spain. The median general government other property tax revenue as a percent of GDP is an average of 0.5% in Hungary, Cyprus and Sweden.

# Chapter 5

## EMPIRICAL RESULTS

All of the regressions are estimated using averaged data, period panel data with the periods divided into 1995-1999, 2000-2003 and 2004-2007, and annual panel data. The regressions are estimated using both real GDP per capita growth, and potential real GDP per capita growth, as dependent variables. In addition the regressions using annual panel data are also estimated using lagged independent variables. Thus the specifications are assigned to eight categories, with two each for the averaged data and period panel data regressions, owing to the use of two types of dependent variables, and four for the annual panel data, owing to the combinations resulting from the use of two types of independent and two types of dependent variables.

Within each category eight specifications involving nontax dependent variables are estimated. All of the specifications include the log of initial real GDP per capita, the ratio of gross fixed investment to GDP, the secondary or tertiary attainment ratio, and the population growth rate as explanatory variables. The ratio of general government total expenditures to GDP, the ratio of general government net lending to GDP and the ratio of FDI inflows to GDP are also included in various iterations in the estimated equations.

Within each category fourteen specifications involving implicit tax rate variables are estimated. All of the specifications include the log of initial real GDP per capita, the ratio of gross fixed investment to GDP, the secondary or tertiary attainment ratio, and the

population growth rate as explanatory variables. The ratio of general government total expenditures to GDP and the ratio of general government net lending to GDP are both included in an additional set of the various iterations of the estimated implicit tax rate equations, with the ratio of FDI inflows to GDP included as well, except for four specifications involving averaged data and potential GDP per capita as the independent variable, owing to a lack of observations.

Within each category six specifications involving top income tax rate variables are estimated. All of the specifications include the log of initial real GDP per capita, the ratio of gross fixed investment to GDP, the secondary or tertiary attainment ratio, and the population growth rate as explanatory variables. The ratio of general government total expenditures to GDP, the ratio of general government net lending to GDP and the ratio of FDI inflows to GDP are all included in an additional set of the various iterations of the estimated top income tax rate equations.

Within each category ten specifications involving tax structure variables are estimated. All of the specifications include the log of initial real GDP per capita, the ratio of gross fixed investment to GDP, the secondary or tertiary attainment ratio, and the population growth rate as explanatory variables. Total tax revenue as a ratio of GDP is included in all of the specifications as a control variable in the manner of Arnold (2008). The ratio of general government net lending to GDP and the ratio of FDI inflows to GDP are both included in an additional set of the various iterations of the estimated tax structure equations.

All period panel and annual panel specifications were initially estimated both without fixed effects and with cross section (country) fixed effects. F-tests were conducted to determine which model was the better specification. Depending on the results, either the specifications were re-estimated with period fixed effects or with both cross section and period fixed effects. F-tests were again conducted to determine which model was the better specification. The results of the F-tests are reported in Appendix B.

For the 76 period panel specifications, it was determined that cross section fixed effects is the best model for 31 specifications, cross section and period fixed effects is the best model for 27 specifications, period fixed effects is the best model for 14 specifications and no fixed effects is the best model for the remaining four specifications. All of the specifications estimated only with cross section fixed effects used the potential real GDP growth rate as the dependent variable, and all of the specifications estimated without any fixed effects used the real GDP per capita growth rate as the dependent variable. The specifications estimated with both cross section and period fixed effects includes all ten of the specifications involving tax structure variables using the real GDP per capita growth rate as the dependent variable. For all 152 of the annual panel specifications it was determined that country and period fixed effects is the best model.

With the real GDP per capita growth rate as the dependent variable, initial real GDP per capita is significant at the 1% level in 19 specifications, at the 5% level in 14 specifications and at the 10% level in 11 out of the remaining 81. Each percentage point increase in initial real GDP per capita is estimated to change real GDP per capita growth by -0.049% to 0.036% in the 44 specifications in which it is statistically significant with

the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, lagged initial real GDP per capita is significant at the 1% level in five specifications, at the 5% level in three specifications and at the 10% level in four out of the remaining 30. Each percentage point increase in lagged initial real GDP per capita is estimated to change real GDP per capita growth by negative 0.041% to positive 0.060% in the 12 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, gross fixed investment is significant at the 1% level in 57 specifications, at the 5% level in seven specifications and at the 10% level in 12 out of the remaining 50. Each point increase in gross fixed investment is estimated to increase real GDP per capita growth by 0.08% to 0.33% in the 76 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, lagged gross fixed investment is significant at the 5% level in eight specifications and is statistically insignificant in the remaining 30. Each point increase in lagged gross fixed investment is estimated to decrease real GDP per capita growth by 0.13% to 0.15% in the eight specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, adult secondary or tertiary education attainment is significant at the 1% level in two specifications, at the 5% level in 28 specifications and at the 10% level in 28 out of the remaining 84. Each point increase in adult secondary or tertiary education attainment is

estimated to change real GDP per capita growth by -0.17% to 0.04% in the 58 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, the lagged adult secondary or tertiary education attainment is significant at the 1% level in one specification, at the 5% level in six specifications and at the 10% level in 13 out of the remaining 31. Each point increase in lagged adult secondary or tertiary education attainment is estimated to decrease real GDP per capita growth by 0.09% to 0.14% in the 20 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, the population growth rate is significant at the 1% level in 58 specifications, at the 5% level in seven specifications and at the 10% level in four out of the remaining 49. Each point increase in the population growth rate is estimated to decrease real GDP per capita growth by 0.7% to 2.8% in the 69 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, the lagged population growth rate is significant at the 1% level in 30 specifications and at the 5% level in the remaining eight. Each point increase in the lagged population growth rate is estimated to decrease real GDP per capita growth by 1.2% to 2.2% in the 38 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, general government total expenditures is significant at the 1% level in eight specifications, at the

5% level in five specifications and at the 10% level in three out of the remaining 29. Each point increase in the government general expenditures is estimated to decrease real GDP per capita growth by 0.05% to 0.22% in the 16 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, lagged general government total expenditures is significant at 5% level in two specifications and is statistically insignificant in the remaining 12. Each point increase in general government total expenditures is estimated to decrease real GDP per capita growth by 0.17% to 0.18% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, general government net lending is significant at the 1% level in 14 specifications, at the 5% level in 15 specifications and at the 10% level in eight out of the remaining 28. Each point increase in the government net lending is estimated to increase real GDP per capita growth by 0.12% to 0.34% in the 37 specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. With the real GDP per capita growth rate as the dependent variable, lagged general government net lending is significant at 1% level in five specifications and is statistically insignificant in the remaining 14. Each point increase in general government net lending is estimated to increase real GDP per capita growth by 0.25% to 0.29% in the five specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

With the real GDP per capita growth rate as the dependent variable, FDI inflows is statistically insignificant in all 57 of the specifications in which it is included. With the real GDP per capita growth rate as the dependent variable, lagged FDI inflows is significant at 10% level in one specification and is statistically insignificant in the remaining 18. Each point increase in lagged FDI inflows is estimated to increase real GDP per capita growth by 0.036% in the one specification in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data or period data and the real GDP per capita growth rate as the dependent variable, the key findings with respect to the tax variables are that the top corporate income tax rate and the top personal income tax rate are statistically significant in a majority of the specifications in which they appear. Each one point increase in the top corporate income tax rate is estimated to decrease real GDP per capita growth by 0.073% to 0.098%, and each one point increase in the top personal income tax rate is estimated to decrease real GDP per capita growth by 0.062% to 0.12%.

Using averaged data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is significant at the 10% level in one of the eight specifications in which it appears. In that specification each point increase in the implicit tax rate on consumption is estimated to increase real GDP per capita growth by 0.13%. Using period data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is significant at the 1% level in one specification and at the 10% level in one of the remaining eight specifications. Each one point increase in the implicit tax rate on consumption is estimated to increase real GDP

per capita growth by 0.16% to 0.17% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is statistically insignificant in all eight of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is statistically insignificant in all eight of the specifications in which it appears.

Using averaged data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is statistically insignificant in all eight of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is significant at the 10% level in two specifications and is statistically insignificant in the remaining six. Each one point increase in the implicit tax rate on labor is estimated to decrease real GDP per capita growth by 0.055% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, the top corporate income tax rate is significant at the 10% level in three specifications and is statistically insignificant in the remaining specification. Each one point increase in the top corporate income tax rate is estimated to decrease real GDP per capita growth by 0.073% to 0.088% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using period data and the real GDP per capita growth rate as the dependent variable, the top

corporate income tax rate is significant at the 1% level in two specifications and at the 10% level in one specification out of the remaining two. Each one point increase in the top corporate income tax rate is estimated to decrease real GDP per capita growth by 0.073% to 0.098% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 10% level in two specifications and is statistically insignificant in the remaining two. Each one point increase in the top personal income tax rate is estimated to decrease real GDP per capita growth by 0.062% to 0.064% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using period data and the real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 5% level in two specifications and at the 10% level in one specification out of the remaining two. Each one point increase in the top personal income tax rate is estimated to decrease real GDP per capita growth by 0.10% to 0.12% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and real GDP per capita growth rate as the dependent variable total tax revenue is significant at the 5% level in one specification and at 10% level in two specifications out of the remaining nine. Each point increase in total tax revenue is estimated to decrease real GDP per capita growth by 0.13% to 0.29% in the three specifications in which it is statistically significant with the real GDP per capita

growth rate as the dependent variable. Using period data and the real GDP per capita growth rate as the dependent variable, total tax revenue is significant at the 1% level in one specification and at the 5% level in one specification of the remaining nine. Each point increase in total tax revenue is estimated to decrease real GDP per capita growth by 0.32% to 0.33% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, consumption tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, consumption tax revenue is significant at the 1% level in two specifications and at the 10% level in one specification of the remaining two. Each point increase in consumption tax revenue is estimated to increase real GDP per capita growth by 0.32% to 0.52% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, capital tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, capital tax revenue is significant at the 5% level in two specifications and at the 10% level in the remaining two specifications. Each point increase in capital tax revenue is estimated to decrease real GDP per capita growth by 0.48 to 0.65% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, labor tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, labor tax revenue is significant at the 1% level in two specifications and is statistically insignificant in the remaining two. Each point increase in labor tax revenue is estimated to increase real GDP per capita growth by 0.46% to 0.59% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, environmental tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, environmental tax revenue is significant at the 1% level in all four of the specifications in which it appears. Each point increase in environmental tax revenue is estimated to increase real GDP per capita growth by 1.7% to 1.8% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, property tax revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, property tax revenue is significant at the 10% level in both specifications in which it appears. Each point increase in property tax revenue is estimated to decrease real GDP per capita growth by 1.6% to 1.7% in the two

specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property revenue is statistically insignificant in both of the specifications in which it appears.

Using averaged data and the real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears.

Using annual data and the real GDP per capita growth rate as the dependent variable, the key findings with respect to the tax variables are that the top corporate income tax rate, the top personal income tax rate, total tax revenue, consumption tax revenue, labor tax revenue and environmental tax revenue are statistically significant in a majority of the specifications in which they appear. Each point increase in the top corporate income tax rate is estimated to decrease real GDP per capita growth by 0.052% to 0.095%. Each one point increase in the top personal income tax rate is estimated to decrease real GDP per capita growth by 0.059% to 0.12%. Each point increase in the total tax revenue is estimated to decrease real GDP per capita growth by 0.13% to 0.34%. Each point increase in consumption tax revenue is estimated to increase real GDP per

capita growth by 0.31% to 0.56%. Each point increase in labor tax revenue is estimated to increase real GDP per capita growth by 0.17% to 0.55%. Each point increase in environmental tax revenue is estimated to increase real GDP per capita growth by 1.4% to 1.6%.

Using annual data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is significant at the 1% level in four specifications and is statistically insignificant in the remaining four. Each point increase in the implicit tax rate on consumption is estimated to increase real GDP per capita growth by 0.18% to 0.31% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on consumption is significant at the 1% level in three specifications and at the 5% level in one of the remaining five. Each point increase in the lagged implicit tax rate on consumption is estimated to increase real GDP per capita growth by 0.17% to 0.29% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is significant at the 10% level in four specifications and is statistically insignificant in the remaining four. Each point increase in the implicit tax rate on capital is estimated to decrease real GDP per capita growth by 0.052% to 0.055% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real

GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on capital is statistically insignificant in all eight of the specifications in which it appears with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is statistically insignificant in all eight of the specifications in which it appears. Using data at an annual frequency and the real GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on labor is significant at the 5% level in two specifications and it is statistically insignificant in the remaining six. Each point increase in the lagged implicit tax rate on labor is estimated to increase real GDP per capita growth by 0.062% to 0.064% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, the top corporate income tax rate is significant at the 5% level in one specification and at the 10% level in one specification out of the remaining three. Each one point increase in the top corporate income tax rate is estimated to decrease real GDP per capita growth by 0.052% to 0.059% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, the lagged top corporate income tax rate is significant at the 1% level in two specifications and at the 10% level in the remaining two. Each one point increase in the lagged top corporate income tax rate is estimated to decrease real GDP per capita growth

by 0.057% to 0.095% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 1% level in one specification, at the 5% level in one specification and at the 10% level in one specification out of the remaining two. Each one point increase in the top personal income tax rate is estimated to decrease real GDP per capita growth by 0.059% to 0.086% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, the lagged top personal income tax rate is significant at the 1% level in two specifications and at the 5% level in the remaining two. Each one point increase in the lagged top personal income tax rate is estimated to decrease real GDP per capita growth by 0.09% to 0.12% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, total tax revenue is significant at the 1% level in three specifications, at the 5% level in two specifications and at the 10% level in three of the remaining five. Each point increase in total tax revenue is estimated to decrease real GDP per capita growth by 0.13% to 0.29% in the eight specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged total tax revenue is

significant at the 1% level in five specifications and at the 5% level in one specification of the remaining five. Each point increase in lagged total tax revenue is estimated to decrease real GDP per capita growth by 0.24% to 0.34% in the six specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, consumption tax revenue is significant at the 1% level in all four specifications in which it appears. Each point increase in consumption tax revenue is estimated to increase real GDP per capita growth by 0.32% to 0.47% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged consumption tax revenue is significant at the 1% level in three specifications and at the 5% level in the remaining specification. Each point increase in lagged consumption tax revenue is estimated to increase real GDP per capita growth by 0.31% to 0.56% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, capital tax revenue is statistically insignificant in all of the specifications in which it appears.

Using annual data and the real GDP per capita growth rate as the dependent variable, labor tax revenue is significant at the 1% level in one specification and at the 10% level in one of the remaining three specifications. Each point increase in labor tax

revenue is estimated to increase real GDP per capita growth by 0.17% to 0.32% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged labor tax revenue is significant at the 1% level in two specifications and at the 5% level in one specification of the remaining two. Each point increase in lagged labor tax revenue is estimated to increase real GDP per capita growth by 0.29% to 0.55% in the three specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, environmental tax revenue is significant at the 1% level in all four of the specifications in which it appears. Each point increase in environmental tax revenue is estimated to increase real GDP per capita growth by 1.4% to 1.5% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged environmental tax revenue is significant at the 1% level in all four of the specifications in which it appears. Each point increase in lagged environmental tax revenue is estimated to increase real GDP per capita growth by 1.6% in the four specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using annual data and the real GDP per capita growth rate as the dependent variable, property tax revenue is significant at the 5% level in one specification and is statistically insignificant in the remaining specification. Each point increase in property

tax revenue is estimated to decrease real GDP per capita growth by 1.2% in the one specification in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged property tax revenue is statistically insignificant in both of the specifications in which it appears.

Using annual data and the real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property revenue is significant at the 10% level in both of the specifications in which it appears. Each point increase in recursive taxes on immovable property revenue is estimated to decrease real GDP per capita growth by 1.5% to 1.7% in the two specifications in which it is statistically significant with the real GDP per capita growth rate as the dependent variable. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged recursive taxes on immovable property revenue is statistically insignificant in both of the specifications in which it appears.

Using annual data and the real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears. Using annual data and the real GDP per capita growth rate as the dependent variable, lagged other property tax revenue is statistically insignificant in both of the specifications in which it appears.

With the potential real GDP per capita growth rate as the dependent variable, initial real GDP per capita is significant at the 1% level in 26 specifications, at the 5% level in 20 specifications and at the 10% level in 21 out of the remaining 47. Each

percentage point increase in initial real GDP per capita is estimated to change potential real GDP per capita growth by -0.058% to 0.056% in the 67 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged initial real GDP per capita is significant at the 1% level in eight specifications and at the 10% level in two out of the remaining 30. Each percentage point increase in lagged initial real GDP per capita is estimated to increase potential real GDP per capita growth by 0.020% to 0.058% in the 10 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, gross fixed investment is significant at the 1% level in 35 specifications, at the 5% level in 21 specifications and at the 10% level in six out of the remaining 58. Each point increase in gross fixed investment is estimated to increase potential real GDP per capita growth by 0.05% to 0.25% in the 62 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged gross fixed investment is significant at the 1% level in 30 specifications and is statistically insignificant in the remaining eight. Each point increase in lagged gross fixed investment is estimated to increase potential real GDP per capita growth by 0.09% to 0.13% in the 30 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, adult secondary or tertiary education attainment is significant at the 1% level in 20 specifications, at the 5% level in 26 specifications and at the 10% level in 10 out of the remaining 68. Each point increase in adult secondary or tertiary education attainment is estimated to change potential real GDP per capita growth by -0.098% to 0.067% in the 57 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged adult secondary or tertiary education attainment is significant at the 1% level in 28 specifications and at the 5% level in the remaining 10. Each point increase in lagged adult secondary or tertiary education attainment is estimated to decrease potential real GDP per capita growth by 0.06% to 0.14% in the 28 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, the population growth rate is significant at the 1% level in 62 specifications, at the 5% level in 17 specifications and at the 10% level in four out of the remaining 35. Each point increase in the population growth rate is estimated to change potential real GDP per capita growth by -1.6% to 2.2% in the 83 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, the lagged population growth rate is significant at the 1% level in 31 specifications and at the 5% level in the remaining seven. Each point increase in the lagged population growth rate is

estimated to decrease potential real GDP per capita growth by 0.7% to 1.2% in the 38 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, general government total expenditures is significant at the 1% level in six specifications, at the 5% level in four specifications and at the 10% level in four out of the remaining 32. Each point increase in general government total expenditures is estimated to decrease potential real GDP per capita growth by 0.06% to 0.16% in the 14 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged general government total expenditures is significant at the 10% level in two specifications and is statistically insignificant in the remaining 12. Each point increase in lagged general government total expenditures is estimated to decrease potential real GDP per capita growth by 0.044% to 0.047% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, general government net lending is significant at the 1% level in 17 specifications, at the 5% level in two specifications and at the 10% level in one out of the remaining 38. Each point increase in general government net lending is estimated to increase potential real GDP per capita growth by 0.09% to 0.30% in the 20 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the

dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged general government net lending is significant at the 1% level in six specifications, at the 5% level in three specifications and at the 10% level in two out of the remaining 10. Each point increase in lagged general government net lending is estimated to increase potential real GDP per capita growth by 0.08% to 0.11% in the 11 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

With the potential real GDP per capita growth rate as the dependent variable, FDI inflows is significant at the 1% level in 24 specifications, at the 5% level in six specifications out of the remaining 33. Each point increase in FDI inflows is estimated to increase potential real GDP per capita growth by 0.02% to 0.13% in the 20 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. With the potential real GDP per capita growth rate as the dependent variable, lagged FDI inflows is significant at the 1% level in 14 specifications and at the 5% level in one specification out of the remaining five. Each point increase in lagged FDI inflows is estimated to increase potential real GDP per capita growth by 0.026% to 0.038% in the 15 specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using averaged data or period data and the potential real GDP per capita growth rate as the dependent variable, the key finding with respect to the tax variables is that the top personal income tax rate is statistically significant in a majority of the specifications

in which it appears. Each one point increase in the top personal income tax rate is estimated to decrease potential real GDP per capita growth by 0.056% to 0.11%.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is statistically insignificant in all eight of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is statistically insignificant in all eight specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is statistically insignificant in all eight of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is statistically insignificant in all eight of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is statistically insignificant in all eight of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is statistically insignificant in all eight of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, the top corporate income tax rate is statistically insignificant in all four specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, the top corporate income tax rate is statistically insignificant in all four specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 5% level in two specifications and is statistically insignificant in the remaining two. Each one point increase in the top personal income tax rate is estimated to decrease potential real GDP per capita growth by 0.056% to 0.057% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using period data and the potential real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 1% level in two specifications, at the 5% level in one specification and at the 10% level in the remaining one. Each one point increase in the top personal income tax rate is estimated to decrease potential real GDP per capita growth by 0.06% to 0.11% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, total tax revenue is statistically insignificant in all ten of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, total tax revenue is significant at the 1% level in one specification and is statistically insignificant in the remaining nine. Each point increase in total tax revenue is estimated to increase potential real GDP per capita growth by 0.33% in the one specification in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, consumption tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the real potential GDP per capita growth rate as the dependent variable, consumption tax revenue is significant at the 5% level in one specification and is statistically insignificant in the remaining three. Each point increase in consumption tax revenue is estimated to increase potential real GDP per capita growth by 0.54% in the one specification in which it is statistically significant with the real GDP per capita growth rate as the dependent variable.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, capital tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, capital tax revenue is significant at the 5% level in one specification and is statistically insignificant in the remaining three. Each point increase in capital tax revenue is estimated to decrease potential real GDP per capita growth by 0.57% in the one specification in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, labor tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, labor tax revenue is statistically insignificant in all four of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, environmental tax revenue is statistically insignificant in all four of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, environmental tax revenue is statistically insignificant in all four of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, property tax revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, property tax revenue is statistically insignificant in both of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property revenue is statistically insignificant in both of the specifications in which it appears.

Using averaged data and the potential real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears. Using period data and the potential real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the key findings with respect to the tax variables are that the implicit tax rate on capital, the top corporate income tax rate, the top personal income tax rate, consumption tax revenue, capital tax revenue, labor tax revenue, environmental tax revenue and recursive taxes on immovable property revenue are statistically significant in a majority of the specifications in which they appear. Each point increase in the implicit tax rate on capital is estimated to decrease potential real GDP per capita growth by 0.022% to 0.040%. Each one point increase in the top personal income tax rate is estimated to decrease potential real GDP per capita growth by 0.072% to 0.098%. Each point increase in consumption tax revenue is estimated to increase potential real GDP per capita growth by 0.18% to 0.45%. Each point increase in capital tax revenue is estimated to decrease potential real GDP per capita growth by 0.20% to 0.47%. Each point increase in labor tax revenue is estimated to change potential real GDP per capita growth by negative 0.28% to positive 0.39%. Each point increase in environmental tax revenue is estimated to increase potential real GDP per capita growth by 0.65% to 0.95%. Each point increase in recursive taxes on immovable property revenue is estimated to decrease potential real GDP per capita growth by 1.0% to 1.3%.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on consumption is significant at the 5% level in four specifications and is statistically insignificant in the remaining four. Each point increase in the implicit tax rate on consumption is estimated to increase potential real GDP per capita growth by 0.09% to 0.12% in the four specifications in which it is

statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on consumption is significant at the 5% level in three specifications and at the 10% level in one specification out of the remaining five. Each point increase in the lagged implicit tax rate on consumption is estimated to increase potential real GDP per capita growth rate by 0.08% to 0.10% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on capital is significant at the 10% level in four specifications and is statistically insignificant in the remaining four. Each point increase in the implicit tax rate on capital is estimated to decrease real GDP per capita growth by 0.022% to 0.023% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on capital is significant at the 5% level in three specifications and at the 10% level in three specifications out of the remaining five. Each point increase in the lagged implicit tax rate on capital is estimated to decrease real GDP per capita growth rate by 0.027% to 0.040% in the six specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the implicit tax rate on labor is significant at the 5% level in two

specifications and is statistically insignificant in the remaining six. Each point increase in the implicit tax rate on labor is estimated to increase potential real GDP per capita growth by 0.089% to 0.091% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, the lagged implicit tax rate on labor is significant at the 10% level in two specifications and is statistically insignificant in the remaining six. Each point increase in the lagged implicit tax rate on labor is estimated to increase real GDP per capita growth rate by 0.085% to 0.088% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the top corporate income tax rate is significant at the 10% level in one specification and is statistically insignificant in the remaining three. Each one point increase in the top corporate income tax rate is estimated to increase potential real GDP per capita growth by 0.022% in the one specification in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, the lagged top corporate income tax rate is statistically insignificant in all four of the specifications in which it appears.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, the top personal income tax rate is significant at the 1% level in all four specifications in which it appears. Each one point increase in the top personal

income tax rate is estimated to decrease potential real GDP per capita growth by 0.072% to 0.092% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, the lagged top personal income tax rate is significant at the 1% level in all four specifications in which it appears. Each one point increase in the lagged top personal income tax rate is estimated to decrease potential real GDP per capita growth by 0.083% to 0.098% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, total tax revenue is significant at the 1% level in three specifications and is statistically insignificant in the remaining seven. Each point increase in total tax revenue is estimated to change potential real GDP per capita growth by -0.32% to 0.23% in the three specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged total tax revenue is significant at the 1% level in one specification and at the 5% level in one specification of the remaining nine. Each point increase in lagged total tax revenue is estimated to decrease potential real GDP per capita growth by 0.12% to 0.14% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, consumption tax revenue is significant at the 1% level in three specifications and is statistically insignificant in the remaining specification. Each point increase in consumption tax revenue is estimated to increase potential real GDP per capita growth by 0.26% to 0.45% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged consumption tax revenue is significant at the 1% level in three specifications and at the 5% level in the remaining specification. Each point increase in consumption tax revenue is estimated to increase potential real GDP per capita growth by 0.18% to 0.27% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, capital tax revenue is significant at the 1% level in three specifications and at the 5% level in the remaining specification. Each point increase in capital tax revenue is estimated to decrease potential real GDP per capita growth by 0.20% to 0.47% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged capital tax revenue is significant at the 1% level in all four of the specifications in which it appears. Each point increase in lagged capital tax revenue is estimated to decrease potential real GDP per capita growth by 0.27% to 0.37% in the four specifications in

which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, labor tax revenue is significant at the 1% level in two specifications and at the 5% level in one specification of the remaining two. Each point increase in labor tax revenue is estimated to change potential real GDP per capita growth by -0.28% to 0.39% in the three specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged labor tax revenue is statistically insignificant at the 1% level in one specification, at the 5% level in one specification and at the 10% level in one specification of the remaining two. Each point increase in lagged labor tax revenue is estimated to increase potential real GDP per capita growth by 0.13% to 0.25% in the three specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, environmental tax revenue is significant at the 1% level in all four of the specifications in which it appears. Each point increase in environmental tax revenue is estimated to increase potential real GDP per capita growth by 0.65% to 0.76% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged environmental tax revenue is

significant at the 1% level in all four of the specifications in which it appears. Each point increase in lagged environmental tax revenue is estimated to increase potential real GDP per capita growth by 0.86% to 0.95% in the four specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, property tax revenue is statistically insignificant in both of the specifications in which it appears. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged property tax revenue is statistically insignificant in both of the specifications in which it appears.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, recursive taxes on immovable property tax revenue is significant at the 5% level in both of the specifications in which it appears. Each point increase in recursive taxes on immovable property revenue is estimated to decrease potential real GDP per capita growth by 1.0% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged recursive taxes on immovable property revenue is significant at the 5% level in both of the specifications in which it appears. Each point decrease in lagged recursive taxes on immovable property revenue is estimated to decrease potential real GDP per capita growth by 1.3% in the two specifications in which it is statistically significant with the potential real GDP per capita growth rate as the dependent variable.

Using annual data and the potential real GDP per capita growth rate as the dependent variable, other property tax revenue is statistically insignificant in both of the specifications in which it appears. Using annual data and the potential real GDP per capita growth rate as the dependent variable, lagged other property tax revenue is statistically insignificant in both of the specifications in which it appears.

The question naturally arises: which, if any, of these estimates can truly be considered "robust", and what are the standards by which they can be so classified? Given there exist estimated equations such that the coefficient either changes sign or is insignificant for all of the independent variables, by the rather stringent standards of the extreme bounds analysis (EBA) of Leamer (1985), one could argue that all of the results in this study are fragile. In fact previous studies employing Leamer's EBA to test the robustness of growth determinants, such as Levine and Renelt (1992), generally conclude that most, if not all, examined variables are fragile.

However, in response to the perceived stringency of Leamer's EBA, Sala-i-Martin (1997) proposes an alternative method for EBA that focuses on the entire distribution of regression coefficients, not just on its extreme bounds. Instead of applying a label of "robust" or "fragile", he assigns some level of confidence to the robustness of each of the variables. In particular Sala-i-Martin considers the value of CDF(0), the fraction of the variable's cumulative distribution that lies on each side of zero. Although the coefficients in each individual model have an asymptotic normal distribution, the coefficient estimates obtained from different regression models might be scattered in various ways. For this reason, Sala-i-Martin presents two variants of his EBA: 1) a normal model, in

which the estimated regression coefficients are assumed to follow a normal distribution across the estimated models, and 2) a generic model, which does not assume any particular distribution of regression coefficients. To estimate the normal model, he first calculates the weighted mean of the regression coefficients and of the variances. Once the weighted means of coefficients and variances are known, Sala-i-Martin calculates CDF(0) based on the assumed normal distribution of regression coefficients. In the generic model he first uses the sampling distribution of the regression coefficient to obtain an individual CDF(0) for each estimated regression model. Sala-i-Martin then calculates the aggregate CDF(0) as the weighted average of all the individual CDF(0)'s. In both the normal and the generic model, he applies weights that are proportional to an integrated likelihood to give greater weight to models that supposedly provide a better goodness of fit. In principle, of course, the weights could be based on any measure of goodness of fit or, indeed, the averages need not be weighted at all (e.g. Sturm and Haan 2005 and Gassebner *et al.* 2013).

Consequently, to provide quantitative criteria for determining the "robustness" of the variables in this study, Table 4 reports the unweighted means, standard deviations, and the levels of significance under the assumption of both normality and non-normality. In addition, Table 5 reports the same results, except that they are weighted using the same integrated likelihood as used by Doppelhoffer *et al.* (2004). The integrated likelihood of Doppelhofer *et al.* is used because, unlike the likelihood used by Sala-i-Martin (1997), the integrand is a function of the number of variables in each specification, which of course can vary.

Using these criteria, five variables appear to be "significantly" correlated with growth: 1) gross fixed investment, 2) general government expenditures, 3) the top personal income tax rate, 4) consumption tax revenue, and 5) environmental tax revenue. By this I mean those variables for which at least one of the four aggregate CDF(0)'s is larger than 0.95, which is the same cutoff value as used by Sala-i-Martin (1997). For gross fixed investment the unweighted level of significance is 0.950 and 0.808 under the assumption of normality and non-normality respectively, and the weighted level of significance is 0.892 and 0.659 under the assumption of normality and non-normality respectively. For general government expenditures the unweighted level of significance is 0.787 and 0.808 under the assumption of normality and non-normality respectively, and the weighted level of significance is 0.965 and 0.948 under the assumption of normality and non-normality respectively. (It should be pointed out however that the Dopplehofer *et al.* integrated likelihood results in three out of the 112 general government expenditures coefficients having 62.1% of the weight in the weighted averages.) For the top personal income tax rate the unweighted level of significance is 0.989 and 0.970 under the assumption of normality and non-normality respectively, and the weighted level of significance is 0.995 and 0.992 under the assumption of normality and non-normality respectively. For consumption tax revenue the unweighted level of significance is 0.956 and 0.865 under the assumption of normality and non-normality respectively, and the weighted level of significance is 0.870 and 0.783 under the assumption of normality and non-normality respectively. For environmental tax revenue the unweighted level of significance is 0.991 and 0.852 under the assumption of normality and non-

normality respectively, and the weighted level of significance is 0.901 and 0.759 under the assumption of normality and non-normality respectively.

Some of the previous studies have used lagged regressors as a way of addressing the potential for endogeneity bias. However, there are examples in the literature of the use of lagged variables for reasons other than the concern over reverse causality. Fölster and Henrekson (2001) lagged human capital one period (five year averages) mostly owing to the lack of recent data. Arnold (2008), Johansson *et al.* (2008) and Arnold *et al.* (2011) lagged human capital one year because of the belief that this is a more accurate way of estimating the effect of human capital on growth. In some cases the use of lagged variables has been intrinsic to the estimation method employed. In particular, Bleaney *et al.* (2001), Romero-Avila and Strauch (2008) and Gemmell (2011) used Dynamic Fixed Effects (DFE) estimation, and Arnold (2008), Johansson *et al.* (2008), Arnold *et al.* (2011) and Gemmell *et al.* (2011) used Pooled Mean Group (PMG) estimation. But the use of lagged variables in these estimation techniques is mostly driven by the desire to separate the short and long term effects on growth, and not as an effort to address the potential for endogeneity bias. This is demonstrated by the fact that Bleaney *et al.* (2001), Romero-Avila and Strauch (2008) and Gemmell (2011) all used instrumental variables, with lagged variables as instruments, as a means of checking for reverse causality when the potential for endogeniety bias was suspected. In addition to those three papers, Kneller *et al.* (1999), Fölster and Henrekson (2001), Widwalm (2001), Agell (2006) and Afonso and Furceri (2010) also used instrumental variables, with lagged variables as instruments, as a means of checking for endogeniety bias. And, finally, Miller and

Russek (1997) used lagged variables directly, in what was perhaps the first effort to check for reverse causality in the literature on the effect of tax level and tax structure on economic growth.

In this study the regressions using annual panel data are estimated using current period independent variables and the very same specifications are estimated again lagging all the independent variables one year. This did not lead to the results changing significantly. One way of showing this is to employ the extreme bounds analysis techniques used to summarize the empirical results. The results of the calculations associated with this analysis are summarized in four tables. Table A.6 is the unweighted results of annual regressions using nonlagged variables, Table A.7 is the weighted results of annual regressions using nonlagged variables, Table A.8 is the unweighted results of annual regressions using lagged variables, and Table A.9 is the weighted results of annual regressions using lagged variables.

For the purposes of this analysis a variable is classified as "significantly" correlated with growth if at least one of the four aggregate CDF(0)'s is larger than 0.95, which is the same cutoff value as used by Sala-i-Martin (1997). Three variables change from being significantly correlated with growth to being insignificant when lagged: total general government expenditures, the implicit tax rate on consumption and the implicit tax rate on capital. Of these, only total general government expenditures is significantly correlated when looking at the results as a whole, and as previously noted, that result is driven by a weighted result in which the majority of the effect is attributable to only three out of 112 specifications. Two variables change from being insignificant to being

significantly correlated with growth when lagged: total tax revenue and labor tax revenue. The aggregate result concerning total tax revenue should be interpreted with caution, as the effect of total tax revenue is dependent on which tax revenue variable is excluded from a given specification. Furthermore, neither of these variables is significantly correlated with growth when the results are considered in their entirety. The three tax variables that are concluded by this study to be significantly correlated with growth, the top personal income tax rate, consumption tax revenue and environmental tax revenue, have CDF(0)'s larger than 0.95 in all measures, whether using nonlagged or lagged variables at an annual frequency. In fact, the top personal income tax rate and environmental tax revenue have CDF(0)'s larger than 0.98 in all measures, whether using nonlagged or lagged variables at an annual frequency.

This appears to be the first such study to measure growth using potential real GDP in addition to real GDP. In particular, the regressions are estimated using the real GDP per capita growth rate as the dependent variable, and the very same specifications are estimated again using the potential real GDP per capita growth rate as the dependent variable. This has the effect of depressing the overall proportion of results that are statistically significant. One way of showing this is to employ the techniques of extreme bounds analysis. The results of the calculations associated with this analysis are summarized in four tables. Table A.10 is the unweighted results of regressions using the real GDP per capita growth rate as the dependent variable, Table A.11 is the weighted results of regressions using the real GDP per capita growth rate as the dependent variable, Table A.12 is the unweighted results of regressions using the potential real GDP per

capita growth rate as the dependent variable, and Table A.13 is the weighted results of regressions using the potential real GDP per capita growth rate as the dependent variable.

For the purposes of this analysis a variable is classified as "significantly" correlated with growth if at least one of the four aggregate CDF(0)'s is larger than 0.95. Eight variables change from being significantly correlated with growth to being insignificant when the dependent variable is switched from the real GDP per capita growth rate to the potential real GDP per capita growth rate: gross fixed investment, the population growth rate, general government net lending, the top corporate income tax rate, total tax revenue, consumption tax revenue, labor tax revenue and environmental tax revenue. No variable changes from being insignificant to being significantly correlated with growth when the dependent variable is switched from the real GDP per capita growth rate to the potential real GDP per capita growth rate. In fact, apart from a single weighted measure for total general government expenditures, only the top personal income tax rate remains significant when using the potential real GDP per capita growth rate as the dependent variable. Nevertheless, the top personal income tax rate still has CDF(0)'s larger than 0.98 in all four measures when using the potential real GDP per capita growth rate as the dependent variable.

## CONCLUSION

Among the main control variables of initial GDP, gross fixed investment, secondary and tertiary educational attainment and population growth the results are generally non-robust. Initial GDP is statistically significant in less than half of the specifications and changes sign in significant specifications except for the specifications using lagged potential real GDP per capita growth as the dependent variable and lagged independent variables, where when it is significantly correlated, the sign is the opposite of what is expected. Investment is statistically significant in at least half the specifications by type, but where it is statistically significant it changes sign in specifications using non-lagged independent variables. Interestingly, investment is negatively correlated to growth in all of the specifications where it is significant using real GDP per capita as the dependent variable and lagged independent variables, but is positively correlated with growth as expected in all of the specifications using potential real GDP as the dependent variable with lagged independent variables. Educational attainment is statistically significant in at least half of the specifications by type but it changes sign in specifications where it is statistically significant, except in specifications where lagged dependent variables are used in which case it is negatively correlated with growth which is of course the opposite of what is expected. Population growth is statistically significant in the majority of specifications. Population growth is negatively correlated with growth,

as expected, in the specifications where it is significant except in specifications using average data and potential real GDP as the dependent variable, where it is positively correlated with growth. Population growth is however robustly significantly negatively correlated with growth in specifications using annual data with potential real GDP as the dependent variable and in all specifications using lagged independent variables. Results with non-robust main control variables are common in the literature on growth and tax level and structure, as for example are found in Kneller *et al.* (1999), Folster and Henrekson (2001), Angelopolous *et al.* (2007) and Romero-Avila and Strauch (2008). In fact Mendoza *et al.* (1997) explicitly expected such results for investment because of mutual feedback between investment and its determinants. However it appears to be unusual to have so many statistically significant main control variables change sign between specifications.

The problem with significant variables changing signs between specifications is not found when we turn to the additional control variables. Total general government expenditures is statistically significant in a minority of the specifications in which it appears, but it is consistently negatively correlated with growth in the specifications in which it is significant. Each point increase of total general government expenditures is estimated to reduce growth by 0.04% to 0.22%. General government net lending is statistically significant in a majority of specifications using real GDP per capita as the dependent variable, and a majority of the specifications involving lagged independent variables. Each point increase in general government net lending is estimated to increase growth by 0.08% to 0.34%. This implies that government deficits reduce growth, likely

by driving up real interest rates and crowding out savings that would be used for private investment. FDI inflows is statistically insignificant in all but one of the specifications using real GDP per capita as the dependent variable. But, perhaps oddly, FDI inflows is statistically significant in a majority of the specifications in which potential real GDP per capita is the dependent variable. Each point increase in FDI inflows is estimated to increase growth by 0.02% to 0.13%. The negative correlation between total general government expenditures and growth is consistent with the recent tax level literature as surveyed by Bergh and Henrekson (2011). The finding that general government net lending is consistently positively correlated with growth in a majority of specifications by type is interesting given the effort to account for potential endogeneity bias through the use of potential real GDP per capita as the dependent variable and the use of lagged regressors. The fact that FDI inflows switches from statistically insignificant to statistically significant in a majority of specifications when one uses potential real GDP per capita instead of real GDP per capita as the dependent variable is an issue meriting further exploration.

Turning to the implicit tax rate variables, we find that although the results are not robust, they present a pattern that is relatively consistent with the tax structure findings of this analysis. Each type of implicit tax rate variable is statistically significant in a minority of the specifications in which it appears, although the implicit tax rate on consumption is significant in at least half of the specifications using annual data, as is the implicit tax rate on capital, with the exception of the specifications using real GDP per capita growth rate as the dependent variable and lagged independent variables. Each one

point increase in the implicit tax rate on consumption is estimated to increase growth by 0.08% to 0.31%, the implicit tax rate on labor is positively correlated with growth in seven out of the eight specifications in which it is statistically significant, and each one point increase in the implicit tax rate on capital is estimated to decrease growth by 0.022% to 0.055%. For comparison Mendoza *et al.* (1997) found no significant correlation between effective tax rates and growth, Angelopoulos *et al.* (2007) found the implicit tax rate on labor was usually statistically significantly positively correlated with growth, and Romero-Avila and Strauch (2008) found that the implicit tax rate on consumption was statistically significantly positively correlated with growth in the one growth specification in which it was included. So if there is any tension between these results and previous results, it evidently is primarily with respect to the implicit tax rate on labor.

The top corporate income tax rate is statistically significantly negatively correlated with growth in a majority of the specifications using real GDP per capita as the dependent variable, and is robustly correlated with real GDP per capita growth in the specifications involving lagged independent variables. However, curiously, it is only statistically significant in one specification using potential real GDP per capita as the dependent variable, and in that one specification the correlation is positive. Excluding that result, each one point increase in the top corporate income tax rate is estimated to decrease growth by 0.052% to 0.098%. The top personal income tax rate is statistically significantly negatively correlated with growth in the majority of specifications. In fact the correlation is robust in specifications using period and annual data and the real

potential GDP per capita growth rate as the dependent variable and in those specifications using annual data and the real GDP per capita growth rate as the dependent variable involving lagged independent variables. Each one point increase in the top personal income tax rate is estimated to decrease growth by 0.06% to 0.12%. Restricting our attention to specifications using the real GDP per capita growth rate as the dependent variable, the top corporate income tax rate results are not as robust as Lee and Gordon (2005) and the magnitude of their effect is approximately half as large, but they are in much more agreement than are the results of Angelopoulos *et al.* (2007) who found the top corporate income tax rate to be positively correlated to growth. On the other hand, the finding of a generally significant negative correlation between the top personal income tax rate and growth stands in stark contradiction to both studies. Recall that Lee and Gordon used a sample of 70 advanced and developing countries, whereas Angelopoulos *et al.* used a much more restrictive set of 23 OECD nations. This study employs a sample of 27 EU nations which may be regarded as lying somewhere between those extremes in terms of the degree of developmental diversity, and may explain the somewhat intermediate nature of the top corporate income tax results. One possible explanation for the apparently unique top personal income tax results may be the fact that the EU-27 includes five countries that employed a flat personal income tax system during at least part of the time period being studied. Finally, the absence of any correlation between the top corporate income tax rate and growth when using the potential real GDP per capita growth rate as the dependent variable is a matter worthy of further study.

All of the tax structure regressions contain total general government tax revenue as a control variable. Total tax revenue is statistically significant in a minority of the specifications but is statistically significant in a majority of the specifications using annual data with the real GDP per capita growth rate as the dependent variable, and it is negatively correlated with growth in 23 out of the 25 specifications where it is statistically significant. Although it is difficult to give a precise interpretation without more detailed attention to the different public expenditures that are financed with the corresponding tax revenues, it is interesting to note that in both of the specifications where total tax revenue had a significantly positive correlation with growth consumption tax revenue was the omitted structural tax variable in specifications involving the three main categories of taxes.

Consumption tax revenue is statistically significantly positively correlated with growth in a majority of the specifications in which it appears, and is robustly correlated in specifications using annual data and the real GDP per capita growth rate as the dependent variable and in those specifications using annual data and the real potential GDP per capita growth rate as the dependent variable involving lagged independent variables. Each one point increase in consumption tax revenue is estimated to increase growth by 0.18% to 0.56%. Capital tax revenue is statistically significantly negatively correlated with growth in a minority of the specifications in which it appears, but is robustly correlated in specifications using period data and the real GDP per capita growth rate as the dependent variable and in specifications using annual data and the real potential GDP per capita growth rate as the dependent variable. Each one point increase in capital tax

revenue is estimated to decrease growth by 0.20% to 0.65%. Labor tax revenue is statistically significant in a minority of the specifications in which it appears and is positively correlated with growth in twelve out of thirteen specifications in which it is statistically significant.

The two previous studies taking some form of a tax revenue neutrality approach, Widwalm (2001) and Arnold (2008), both find that consumption taxes tends to be growth enhancing. The finding that capital taxes tend to be detrimental to growth is also consistent with Arnold although the tax categories in that study are somewhat different. In both Arnold and Widwalm, tax revenue other than that raised on property and consumption is divided into corporate and personal income taxes, so that corporate taxes are levied entirely on capital income, whereas personal income taxes are paid on income that is derived from both labor and capital. In addition, Widwalm finds that personal income taxes are robustly negatively correlated with growth and Arnold finds that they are usually negatively correlated with growth. Thus the rather less robust finding here concerning labor tax revenue is no doubt attributable to its narrower definition and the fact that unlike personal income taxes it excludes capital income. Widwalm also uses a measure of labor tax revenue that excluded capital tax revenue and finds that it has no significant correlation with growth. Related to the inconsistent findings concerning labor tax revenue, the consistent ranking of tax categories by growth effect that Arnold finds is usually not found here. Under the tax revenue neutral approach taken by Arnold and this study, the omitted tax instrument can be thought of as the residual that would be decreased if one of those included in the specification is increased. The only

specifications demonstrating a consistent ranking of the three main categories of taxes are in those using annual data and the potential real GDP growth rate as the dependent variable without the additional control variables of total expenditures, net lending and FDI inflows. In those specifications it is found that when consumption tax revenue is omitted but labor tax revenue included, labor tax revenue has a positive effect on growth, and when capital tax revenue is omitted and labor tax revenue included, labor tax revenue has a negative effect on growth.

Environmental tax revenue is statistically significantly positively correlated with growth in a majority of specifications in which it appears and is robustly correlated at the 1% level in all specifications using averaged data with real GDP per capita growth rate as the dependent variable and at the 1% level in all specifications using annual data. Each one point increase in environmental tax revenue is estimated to increase growth by 0.7% to 1.8%. Property tax revenue is statistically significantly negatively correlated with growth in a minority of specifications in which it appears. Each one point increase in property tax revenue is estimated to decrease growth by 1.2% to 1.7%. Recursive taxes on immovable property revenue is statistically significantly negatively correlated with growth in a minority of specifications in which it appears, but is robustly correlated in specifications using annual data and the potential real GDP per capita growth rate as the dependent variable. Each one point increase in recursive taxes on immovable property revenue is estimated to decrease growth by 1.0% to 1.7%. Other property tax revenue is statistically insignificant in all of the specifications in which it appears. Arnold (2008) finds that property tax revenue, and recursive taxes on immovable property revenue in

particular, is significantly positively correlated with growth, and that other property tax revenue is not significantly correlated with growth. The main difference in this study compared to Arnold is that among other forms of tax revenue only environmental taxes were included in the relevant specifications, whereas owing to the fact his tax measures were completely segregated, Arnold was able to include a broader range of other tax types in those specifications which included measures of property tax revenue. Nevertheless it is unlikely that this alone could contribute to the very different findings concerning property taxes and recursive taxes on immovable property found in this study.

The tax variable extreme bounds analysis results strongly suggest that, in order to increase the rate of economic growth, countries should lower their top personal income tax rates and increase the proportion of tax revenue derived from consumption and environmental taxes. Within the context of the EU-27 during 1995-2007 that means that they should emulate Latvia in terms of top personal tax rates, as the Latvian top personal income tax rate averaged only 25.0% during this time period, that they should emulate Bulgaria in terms of consumption tax revenue, as consumption taxes accounted for an average of 44.0% of Bulgarian general government tax revenue during this time period, and that they should emulate Malta in terms of environmental taxes, as environmental taxes accounted for an average of 11.7% of Maltese general government tax revenue during this time period. Denmark's average top personal income tax rate of 63.5% was the highest within the EU-27 during 1995-2007. Had its average top personal income tax rate been the same rate as Latvia's, the statistically significant estimates suggest that Denmark's potential real GDP per capita growth rate would have averaged 2.3 to 4.6

points higher than the 1.4% rate that it did average during this time period. Consumption taxes accounted for only 24.7% of Belgium's general government tax revenue during 1995-2007, the lowest such ratio in the EU-27. Had consumption taxes accounted for as large a share of general government tax revenue as Bulgaria's, the statistically significant estimates suggest that Belgium's potential real GDP per capita growth rate would have averaged 1.6 to 4.8 points higher than the 1.7% rate that it did average during this time period. Environmental taxes accounted for only 4.9% of France's general government tax revenue during 1995-2007, the lowest such ratio in the EU-27. Had environmental taxes accounted for as large a share of general government tax revenue as Malta's the statistically significant estimates suggest that France's potential real GDP per capita growth rate would have averaged 2.1 to 5.3 points higher than the 1.2% rate that it did average during this time period. It is interesting to note that each of the leaders in terms of these economic growth enhancing tax policies were either part of the 2004 or the 2007 enlargement of the EU.

Future studies may want to address why the use of potential real GDP as a dependent variable tends to increase the significance of FDI inflows as an explanatory variable and to reduce the significance of the top corporate income tax rate. More work also needs to be done to tease out a more consistent growth effect of the implicit tax rate on labor, as well as a more consistent ranking of the growth effect of labor tax revenue in a tax revenue neutral setting. And there is also the question of why the finding here concerning property taxes and recursive taxes on immovable property is so different from Arnold (2008).

Recent analysis has moved to separate the short and long term effects that tax policy has on economic growth. Accompanying this, the method of estimation has changed from pooled regression or fixed effects estimation to Pooled Mean Group (PMG) estimation as for example found in Arnold (2008) and Gemmell *et al.* (2011). Consequently it might be interesting to duplicate the work done here using PMG, or to use it on a slightly larger cross section of countries, over a more extended time period, as the EU continues to admit more members and produce more tax data for these members in a consistent format.

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## Appendix A

## DESCRIPTIVE STATISTICS AND EXTREME BOUNDS ANALYSIS

### Table A.1 Descriptive Statistics of Data by Cross Section

| Variable | Mean | Median | Standard Deviation | Minimum | Maximum |
|---|---|---|---|---|---|
| LDRGDPPC | 0.035052 | 0.032140 | 0.017646 | 0.014045 | 0.075891 |
| LDPRGDPPC | 0.022204 | 0.021045 | 0.009786 | 0.011043 | 0.049894 |
| ILPPSRGDPPC | 2.616896 | 2.742709 | 0.062245 | 1.639202 | 3.698629 |
| GFI | 0.219736 | 0.212805 | 0.032651 | 0.171372 | 0.295537 |
| STEA | 0.664326 | 0.693238 | 0.180634 | 0.193859 | 0.872103 |
| LDP | 0.002374 | 0.003150 | 0.006613 | -0.010433 | 0.016068 |
| TE | 0.445782 | 0.441042 | 0.062245 | 0.350563 | 0.567691 |
| NL | -0.022171 | -0.027000 | 0.024283 | -0.064650 | 0.025096 |
| FDII | 0.051203 | 0.043562 | 0.025824 | 0.010806 | 0.100086 |
| ITRC | 0.209997 | 0.199648 | 0.045699 | 0.117561 | 0.330527 |
| ITRK | 0.254210 | 0.246998 | 0.082325 | 0.092499 | 0.388522 |
| ITRL | 0.355485 | 0.368882 | 0.070292 | 0.207792 | 0.455189 |
| TCITR | 0.304715 | 0.306154 | 0.065557 | 0.192538 | 0.461538 |
| TPITR | 0.435695 | 0.425000 | 0.100701 | 0.250000 | 0.635308 |
| TT | 0.365593 | 0.347734 | 0.062170 | 0.281966 | 0.492571 |
| CT | 0.119283 | 0.118616 | 0.016213 | 0.079567 | 0.159203 |
| KT | 0.070128 | 0.072180 | 0.024796 | 0.026760 | 0.124499 |
| LT | 0.173580 | 0.161589 | 0.055672 | 0.082799 | 0.301113 |
| ET | 0.027233 | 0.025227 | 0.006569 | 0.017354 | 0.047752 |
| PT | 0.012959 | 0.010925 | 0.008885 | 0.003253 | 0.040115 |
| RTIP | 0.006600 | 0.004447 | 0.006382 | 0.000000 | 0.031293 |
| OPT | 0.006359 | 0.005241 | 0.005385 | 0.000000 | 0.017170 |

## Table A.2 Descriptive Statistics of Data by Period

| Variable | Mean | Median | Standard Deviation | Minimum | Maximum |
|---|---|---|---|---|---|
| LDRGDPPC | 0.035052 | 0.036124 | 0.006606 | 0.026449 | 0.045090 |
| LDPRGDPPC | 0.029269 | 0.030483 | 0.003265 | 0.021188 | 0.033139 |
| ILPPSRGDPPC | 2.819532 | 2.829582 | 0.131267 | 2.616896 | 3.029831 |
| GFI | 0.219736 | 0.219842 | 0.010167 | 0.202085 | 0.242368 |
| STEA | 0.664326 | 0.664963 | 0.042617 | 0.597403 | 0.723074 |
| LDP | 0.002374 | 0.001835 | 0.001048 | 0.001312 | 0.004559 |
| TE | 0.445782 | 0.441934 | 0.013968 | 0.429073 | 0.478253 |
| NL | -0.022171 | -0.020729 | 0.012914 | -0.051805 | -0.002771 |
| FDII | 0.052047 | 0.051569 | 0.019799 | 0.024383 | 0.092919 |
| ITRC | 0.208781 | 0.207719 | 0.006439 | 0.200504 | 0.219467 |
| ITRK | 0.251056 | 0.248437 | 0.011107 | 0.234742 | 0.273366 |
| ITRL | 0.375071 | 0.379778 | 0.012322 | 0.352326 | 0.388932 |
| TCITR | 0.304715 | 0.307407 | 0.040809 | 0.245296 | 0.353333 |
| TPITR | 0.435695 | 0.438333 | 0.029292 | 0.392333 | 0.474148 |
| TT | 0.365593 | 0.365240 | 0.003866 | 0.360285 | 0.371694 |
| CT | 0.119283 | 0.119291 | 0.002551 | 0.115895 | 0.123255 |
| KT | 0.070128 | 0.068897 | 0.004172 | 0.063723 | 0.079599 |
| LT | 0.173580 | 0.173987 | 0.002941 | 0.169062 | 0.178485 |
| ET | 0.027233 | 0.026997 | 0.000990 | 0.025870 | 0.029358 |
| PT | 0.012959 | 0.012906 | 0.000959 | 0.011137 | 0.014381 |
| RTIP | 0.006600 | 0.006688 | 0.000355 | 0.005942 | 0.007075 |
| OPT | 0.006359 | 0.006183 | 0.000668 | 0.005195 | 0.007305 |

## Table A.3 Descriptive Statistics of Statistically Significant Estimates

| Variable | Mean | Median | Standard Deviation | Minimum | Maximum | Count | Specifications |
|---|---|---|---|---|---|---|---|
| ILPPSRGDPPC | -0.002339 | -0.018783 | 0.036308 | -0.057566 | 0.059968 | 133 | 304 |
| GFI | 0.172580 | 0.172988 | 0.101017 | -0.153297 | 0.330330 | 175 | 304 |
| STEA | -0.055148 | -0.069200 | 0.062371 | -0.171049 | 0.067432 | 172 | 304 |
| LDP | -1.246067 | -1.441539 | 0.979010 | -2.766325 | 2.249207 | 228 | 304 |
| TE | -0.110714 | -0.097486 | 0.049784 | -0.220675 | -0.044318 | 34 | 112 |
| NL | 0.191242 | 0.193945 | 0.069591 | 0.077481 | 0.340423 | 73 | 152 |
| FDII | 0.048322 | 0.034888 | 0.033340 | 0.017466 | 0.130103 | 46 | 148 |
| ITRC | 0.164935 | 0.162857 | 0.074609 | 0.079598 | 0.310211 | 19 | 64 |
| ITRK | -0.035145 | -0.028925 | 0.013112 | -0.055104 | -0.022087 | 14 | 64 |
| ITRL | 0.046199 | 0.074580 | 0.063486 | -0.055091 | 0.091431 | 8 | 64 |
| TCITR | -0.068933 | -0.072845 | 0.031585 | -0.098349 | 0.022340 | 13 | 32 |
| TPITR | -0.085747 | -0.087688 | 0.019139 | -0.121597 | -0.055853 | 26 | 32 |
| TT | -0.191830 | -0.231654 | 0.157138 | -0.336694 | 0.325894 | 25 | 80 |
| CT | 0.389373 | 0.410929 | 0.116723 | 0.181848 | 0.555415 | 19 | 32 |
| KT | -0.428283 | -0.437197 | 0.135011 | -0.652894 | -0.197496 | 13 | 32 |
| LT | 0.283654 | 0.291358 | 0.225724 | -0.275584 | 0.591842 | 13 | 32 |
| ET | 1.280981 | 1.448096 | 0.421374 | 0.651198 | 1.833525 | 20 | 32 |
| PT | -1.496774 | -1.616529 | 0.257013 | -1.672055 | -1.201738 | 3 | 16 |
| RTIP | -1.302152 | -1.272275 | 0.275321 | -1.721626 | -1.001827 | 6 | 16 |
| OPT | - | - | - | - | - | 0 | 16 |

## Table A.4 Unweighted Main Results of Regressions

| Variable | Mean | Standard Deviation | CMD - Normal | CMD - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.006105 | 0.016576 | 0.643681 | 0.618378 |
| GFI | 0.108718 | 0.065924 | 0.950440 | 0.808270 |
| STEA | -0.042529 | 0.040448 | 0.853471 | 0.646137 |
| LDP | -0.870626 | 0.596417 | 0.927822 | 0.810547 |
| TE | -0.063201 | 0.079449 | 0.786834 | 0.808451 |
| NL | 0.129385 | 0.129278 | 0.841545 | 0.840578 |
| FDII | 0.038105 | 0.060960 | 0.734039 | 0.807771 |
| ITRC | 0.031491 | 0.094079 | 0.631086 | 0.602418 |
| ITRK | -0.026652 | 0.030095 | 0.812083 | 0.806652 |
| ITRL | 0.000025 | 0.074485 | 0.500135 | 0.507208 |
| TCITR | -0.038591 | 0.032907 | 0.879544 | 0.743633 |
| TPITR | -0.080210 | 0.035147 | 0.988758 | 0.970261 |
| TT | -0.101490 | 0.105520 | 0.831925 | 0.788734 |
| CT | 0.267286 | 0.156422 | 0.956251 | 0.864574 |
| KT | -0.219726 | 0.186577 | 0.880535 | 0.778088 |
| LT | 0.152283 | 0.155711 | 0.835959 | 0.733561 |
| ET | 0.849116 | 0.358843 | 0.991016 | 0.852452 |
| PT | -0.585524 | 0.549089 | 0.856868 | 0.796713 |
| RTIP | -1.018552 | 0.804577 | 0.897234 | 0.841476 |
| OPT | -0.293120 | 0.790122 | 0.644674 | 0.569871 |

## Table A.5 Weighted Main Results of Regressions

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.016188 | 0.013091 | 0.891882 | 0.835717 |
| GFI | 0.073182 | 0.075332 | 0.891882 | 0.658795 |
| STEA | -0.012236 | 0.032971 | 0.644722 | 0.629810 |
| LDP | 0.337351 | 0.546910 | 0.731327 | 0.558547 |
| TE | -0.089590 | 0.049272 | 0.965489 | 0.948208 |
| NL | 0.109121 | 0.092840 | 0.880077 | 0.804113 |
| FDII | 0.077329 | 0.077309 | 0.841406 | 0.863675 |
| ITRC | 0.054755 | 0.066848 | 0.786967 | 0.710829 |
| ITRK | -0.029676 | 0.030640 | 0.833330 | 0.820487 |
| ITRL | -0.024543 | 0.070817 | 0.633115 | 0.664511 |
| TCITR | -0.040237 | 0.036023 | 0.878696 | 0.811829 |
| TPITR | -0.073650 | 0.028483 | 0.995325 | 0.991711 |
| TT | -0.061059 | 0.121059 | 0.689123 | 0.724035 |
| CT | 0.199629 | 0.177921 | 0.869685 | 0.783197 |
| KT | -0.139008 | 0.195556 | 0.758138 | 0.653692 |
| LT | -0.004932 | 0.171758 | 0.519741 | 0.520966 |
| ET | 0.470771 | 0.363547 | 0.901249 | 0.758551 |
| PT | -0.355875 | 0.455447 | 0.778677 | 0.770500 |
| RTIP | -0.617995 | 0.645951 | 0.831192 | 0.816002 |
| OPT | -0.097034 | 0.702222 | 0.549132 | 0.516463 |

## Table A.6 Unweighted Results of Annual Regressions Using Nonlagged Variables

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | 0.010313 | 0.014624 | 0.759664 | 0.791209 |
| GFI | 0.197296 | 0.043757 | 0.999997 | 0.995191 |
| STEA | -0.062567 | 0.037149 | 0.953929 | 0.938990 |
| LDP | -1.537830 | 0.308080 | 1.000000 | 0.993885 |
| TE | -0.085678 | 0.054542 | 0.941894 | 0.910431 |
| NL | 0.104381 | 0.063523 | 0.949828 | 0.844975 |
| FDII | 0.018038 | 0.015655 | 0.875375 | 0.870213 |
| ITRC | 0.100950 | 0.064843 | 0.940245 | 0.809764 |
| ITRK | -0.035089 | 0.026884 | 0.904087 | 0.905647 |
| ITRL | 0.014051 | 0.051529 | 0.607454 | 0.577434 |
| TCITR | -0.018855 | 0.022191 | 0.802251 | 0.651572 |
| TPITR | -0.073210 | 0.024738 | 0.998459 | 0.980178 |
| TT | -0.108416 | 0.067837 | 0.944998 | 0.804101 |
| CT | 0.345739 | 0.099832 | 0.999733 | 0.950430 |
| KT | -0.250096 | 0.118428 | 0.982648 | 0.892800 |
| LT | 0.090227 | 0.098595 | 0.819937 | 0.653205 |
| ET | 1.073067 | 0.211935 | 1.000000 | 0.999998 |
| PT | -0.585524 | 0.454679 | 0.921716 | 0.880426 |
| RTIP | -1.317091 | 0.692539 | 0.971403 | 0.978865 |
| OPT | -0.244617 | 0.557542 | 0.669576 | 0.538147 |

## Table A.7 Weighted Results of Annual Regressions Using Nonlagged Variables

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | 0.016188 | 0.012186 | 0.907976 | 0.835717 |
| GFI | 0.190184 | 0.036898 | 1.000000 | 0.996414 |
| STEA | -0.058542 | 0.030635 | 0.971993 | 0.972019 |
| LDP | -1.568045 | 0.245898 | 1.000000 | 0.998092 |
| TE | -0.098809 | 0.032057 | 0.998973 | 0.988508 |
| NL | 0.121931 | 0.040118 | 0.998814 | 0.978613 |
| FDII | 0.019263 | 0.010623 | 0.965106 | 0.952049 |
| ITRC | 0.090237 | 0.048147 | 0.969550 | 0.860591 |
| ITRK | -0.030835 | 0.019041 | 0.947316 | 0.960089 |
| ITRL | 0.001885 | 0.030992 | 0.524245 | 0.513005 |
| TCITR | -0.015110 | 0.018859 | 0.788494 | 0.663221 |
| TPITR | -0.083890 | 0.020112 | 0.999985 | 0.997856 |
| TT | -0.067563 | 0.065232 | 0.849840 | 0.741045 |
| CT | 0.363914 | 0.097424 | 0.999906 | 0.982435 |
| KT | -0.265770 | 0.107916 | 0.993106 | 0.908882 |
| LT | -0.001312 | 0.096521 | 0.505424 | 0.534708 |
| ET | 0.943179 | 0.191638 | 1.000000 | 0.999999 |
| PT | -0.429537 | 0.392809 | 0.862913 | 0.820682 |
| RTIP | -1.206922 | 0.600979 | 0.977692 | 0.985104 |
| OPT | 0.019805 | 0.476267 | 0.516585 | 0.619520 |

## Table A.8 Unweighted Results of Annual Regressions Using Lagged Variables

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | 0.008436 | 0.017367 | 0.686431 | 0.600150 |
| GFI | 0.031827 | 0.048684 | 0.743359 | 0.660999 |
| STEA | -0.087601 | 0.042814 | 0.979626 | 0.952663 |
| LDP | -1.210248 | 0.340548 | 0.999810 | 0.998376 |
| TE | -0.029021 | 0.059201 | 0.688007 | 0.638363 |
| NL | 0.066191 | 0.068643 | 0.832545 | 0.817544 |
| FDII | 0.026888 | 0.019609 | 0.914849 | 0.872055 |
| ITRC | 0.044378 | 0.067786 | 0.743662 | 0.583090 |
| ITRK | -0.024126 | 0.027888 | 0.806508 | 0.829223 |
| ITRL | 0.046653 | 0.054108 | 0.805714 | 0.759628 |
| TCITR | -0.036744 | 0.025146 | 0.928026 | 0.728865 |
| TPITR | -0.097978 | 0.028785 | 0.999668 | 0.997716 |
| TT | -0.122719 | 0.071287 | 0.957419 | 0.843124 |
| CT | 0.347582 | 0.095371 | 0.999866 | 0.997802 |
| KT | -0.233231 | 0.123608 | 0.970411 | 0.914470 |
| LT | 0.255500 | 0.093503 | 0.996858 | 0.943506 |
| ET | 1.242625 | 0.228177 | 1.000000 | 1.000000 |
| PT | -0.529975 | 0.510110 | 0.850585 | 0.845610 |
| RTIP | -1.229135 | 0.822003 | 0.932581 | 0.932802 |
| OPT | -0.120223 | 0.637484 | 0.574793 | 0.503619 |

## Table A.9 Weighted Results of Annual Regressions Using Lagged Variables

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | 0.006419 | 0.014601 | 0.669899 | 0.631533 |
| GFI | 0.077193 | 0.042255 | 0.966139 | 0.838299 |
| STEA | -0.084982 | 0.035453 | 0.991735 | 0.987883 |
| LDP | -1.092570 | 0.279213 | 0.999954 | 0.999228 |
| TE | -0.033919 | 0.035375 | 0.831180 | 0.828323 |
| NL | 0.074564 | 0.043598 | 0.956392 | 0.948602 |
| FDII | 0.036612 | 0.015930 | 0.989229 | 0.974607 |
| ITRC | 0.116907 | 0.050463 | 0.931421 | 0.759580 |
| ITRK | -0.028142 | 0.020914 | 0.904955 | 0.917716 |
| ITRL | 0.020505 | 0.032311 | 0.793665 | 0.711906 |
| TCITR | -0.015196 | 0.021878 | 0.932963 | 0.767393 |
| TPITR | -0.093282 | 0.024143 | 0.999978 | 0.999446 |
| TT | -0.117049 | 0.065868 | 0.932784 | 0.800242 |
| CT | 0.321458 | 0.087688 | 0.999927 | 0.999356 |
| KT | -0.259044 | 0.111421 | 0.982327 | 0.924618 |
| LT | 0.223657 | 0.086056 | 0.982494 | 0.893766 |
| ET | 1.136811 | 0.206487 | 1.000000 | 1.000000 |
| PT | -0.419646 | 0.468036 | 0.801531 | 0.798633 |
| RTIP | -1.242431 | 0.756825 | 0.957168 | 0.955755 |
| OPT | 0.054884 | 0.581150 | 0.584199 | 0.646409 |

## Table A.10 Unweighted Results of Annual Regressions Using RGDP

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.011129 | 0.016656 | 0.730738 | 0.740605 |
| GFI | 0.128776 | 0.062446 | 0.978735 | 0.813284 |
| STEA | -0.047596 | 0.042414 | 0.836858 | 0.607941 |
| LDP | -1.304682 | 0.487407 | 0.995043 | 0.864474 |
| TE | -0.084011 | 0.065867 | 0.886092 | 0.834814 |
| NL | 0.140200 | 0.089977 | 0.931718 | 0.846024 |
| FDII | 0.018740 | 0.042962 | 0.647393 | 0.725322 |
| ITRC | 0.067669 | 0.074017 | 0.808348 | 0.648102 |
| ITRK | -0.026858 | 0.030983 | 0.803066 | 0.767812 |
| ITRL | 0.012377 | 0.060453 | 0.570072 | 0.521109 |
| TCITR | -0.067577 | 0.034257 | 0.973542 | 0.950212 |
| TPITR | -0.080713 | 0.039022 | 0.978480 | 0.958637 |
| TT | -0.177229 | 0.096632 | 0.961453 | 0.933566 |
| CT | 0.346987 | 0.134366 | 0.993952 | 0.945376 |
| KT | -0.196589 | 0.180378 | 0.803066 | 0.745075 |
| LT | 0.262662 | 0.133853 | 0.971250 | 0.878203 |
| ET | 1.221590 | 0.348074 | 0.999673 | 0.897585 |
| PT | -0.828718 | 0.620047 | 0.895883 | 0.783897 |
| RTIP | -1.150416 | 0.906412 | 0.882455 | 0.774835 |
| OPT | -0.632001 | 0.901521 | 0.749205 | 0.719417 |

## Table A.11 Weighted Results of Annual Regressions Using RGDP

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.019565 | 0.016035 | 0.888798 | 0.887029 |
| GFI | 0.036137 | 0.077059 | 0.989762 | 0.917721 |
| STEA | -0.038744 | 0.046610 | 0.797080 | 0.562496 |
| LDP | -0.803075 | 0.563782 | 0.922841 | 0.587035 |
| TE | -0.118073 | 0.059634 | 0.976146 | 0.960433 |
| NL | 0.192965 | 0.097223 | 0.976415 | 0.922452 |
| FDII | 0.036244 | 0.072191 | 0.692185 | 0.732058 |
| ITRC | 0.082607 | 0.070668 | 0.878785 | 0.777158 |
| ITRK | -0.015226 | 0.029829 | 0.695126 | 0.660385 |
| ITRL | -0.007783 | 0.085089 | 0.536439 | 0.650242 |
| TCITR | -0.078494 | 0.041460 | 0.970838 | 0.962561 |
| TPITR | -0.087140 | 0.037673 | 0.989640 | 0.984862 |
| TT | -0.170539 | 0.115051 | 0.930869 | 0.917899 |
| CT | 0.274115 | 0.151808 | 0.964515 | 0.894039 |
| KT | -0.155790 | 0.196610 | 0.785930 | 0.633756 |
| LT | 0.206825 | 0.156632 | 0.906659 | 0.837880 |
| ET | 0.899484 | 0.396667 | 0.988323 | 0.795972 |
| PT | -0.607600 | 0.621756 | 0.835773 | 0.645869 |
| RTIP | -0.839113 | 0.884198 | 0.828692 | 0.644029 |
| OPT | -0.457500 | 0.955873 | 0.683896 | 0.632253 |

## Table A.12 Unweighted Results of Annual Regressions Using PRGDP

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.001081 | 0.013561 | 0.528921 | 0.503849 |
| GFI | 0.088661 | 0.058389 | 0.902966 | 0.803257 |
| STEA | -0.037461 | 0.028009 | 0.891455 | 0.684333 |
| LDP | -0.436570 | 0.470054 | 0.741145 | 0.756619 |
| TE | -0.042390 | 0.058975 | 0.684687 | 0.782088 |
| NL | 0.118569 | 0.095422 | 0.775367 | 0.835132 |
| FDII | 0.058546 | 0.043514 | 0.795024 | 0.894801 |
| ITRC | -0.004687 | 0.076807 | 0.517297 | 0.556734 |
| ITRK | -0.004687 | 0.076807 | 0.822265 | 0.845492 |
| ITRL | -0.012326 | 0.057555 | 0.562290 | 0.506694 |
| TCITR | -0.009605 | 0.026845 | 0.622532 | 0.537055 |
| TPITR | -0.079707 | 0.025903 | 0.996405 | 0.981884 |
| TT | -0.025750 | 0.093002 | 0.592103 | 0.643901 |
| CT | 0.187585 | 0.152907 | 0.861345 | 0.783771 |
| KT | -0.242863 | 0.166132 | 0.905099 | 0.811100 |
| LT | 0.041905 | 0.151412 | 0.596584 | 0.588920 |
| ET | 0.476642 | 0.303815 | 0.907727 | 0.807319 |
| PT | -0.342330 | 0.373056 | 0.797266 | 0.809530 |
| RTIP | -0.886689 | 0.550923 | 0.931391 | 0.908118 |
| OPT | 0.045761 | 0.545017 | 0.530227 | 0.579676 |

## Table A.13 Weighted Results of Annual Regressions Using PRGDP

| Variable | Mean | Standard Deviation | CDF - Normal | CDF - Non-Normal |
|---|---|---|---|---|
| ILPPSRGDPPC | -0.014816 | 0.011685 | 0.897601 | 0.814860 |
| GFI | 0.036137 | 0.077059 | 0.680449 | 0.553549 |
| STEA | -0.001461 | 0.025415 | 0.522924 | 0.657171 |
| LDP | 0.800900 | 0.539901 | 0.931018 | 0.617721 |
| TE | -0.077930 | 0.044337 | 0.960599 | 0.943203 |
| NL | 0.072144 | 0.090840 | 0.786457 | 0.751922 |
| FDII | 0.091728 | 0.079024 | 0.877131 | 0.909804 |
| ITRC | 0.041502 | 0.065213 | 0.737744 | 0.684522 |
| ITRK | -0.035359 | 0.030955 | 0.873329 | 0.883997 |
| ITRL | -0.030573 | 0.064144 | 0.683186 | 0.670213 |
| TCITR | -0.027225 | 0.033617 | 0.790994 | 0.749896 |
| TPITR | -0.069294 | 0.024306 | 0.997820 | 0.994206 |
| TT | -0.015638 | 0.123354 | 0.550440 | 0.646915 |
| CT | 0.170634 | 0.187511 | 0.818587 | 0.738736 |
| KT | -0.129543 | 0.195284 | 0.746450 | 0.661645 |
| LT | -0.094003 | 0.177601 | 0.701699 | 0.663437 |
| ET | 0.301716 | 0.350038 | 0.805643 | 0.744051 |
| PT | 0.053976 | 0.577174 | 0.749383 | 0.818661 |
| RTIP | -0.534666 | 0.526410 | 0.845110 | 0.881228 |
| OPT | 0.053976 | 0.577174 | 0.537254 | 0.527455 |

## Appendix B

## FIXED EFFECTS

### Table B.1 Period Panel Fixed Effects

| Spec. | Type | Dependent | Unrest. | Rest. | R^2 UR | R^2 R | df UR | df R | F-statistic | Sig. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Baseline | RGDPPC | Country | None | 0.774378 | 0.456266 | 50 | 76 | 2.711410 | 1% |
| 1 | Baseline | RGDPPC | Both | Country | 0.817845 | 0.774378 | 48 | 50 | 5.727035 | 1% |
| 2 | Baseline | RGDPPC | Country | None | 0.795780 | 0.613897 | 43 | 69 | 1.472953 | None |
| 2 | Baseline | RGDPPC | Period | None | 0.634136 | 0.613897 | 67 | 69 | 1.853165 | None |
| 3 | Baseline | RGDPPC | Country | None | 0.789029 | 0.609467 | 48 | 74 | 1.571302 | 10% |
| 3 | Baseline | RGDPPC | Both | Country | 0.827954 | 0.789029 | 46 | 48 | 5.203696 | 1% |
| 4 | Baseline | RGDPPC | Country | None | 0.792153 | 0.552141 | 44 | 70 | 1.954198 | 5% |
| 4 | Baseline | RGDPPC | Both | Country | 0.826452 | 0.792153 | 42 | 44 | 4.150316 | 5% |
| 5 | Baseline | RGDPPC | Country | None | 0.793306 | 0.594771 | 44 | 70 | 1.625506 | 10% |
| 5 | Baseline | RGDPPC | Both | Country | 0.832178 | 0.793306 | 42 | 44 | 4.864154 | 5% |
| 6 | Baseline | RGDPPC | Country | None | 0.788593 | 0.588343 | 49 | 75 | 1.785155 | 5% |
| 6 | Baseline | RGDPPC | Both | Country | 0.827757 | 0.788593 | 47 | 49 | 5.343346 | 1% |
| 7 | Baseline | RGDPPC | Country | None | 0.782729 | 0.537770 | 49 | 75 | 2.124782 | 1% |
| 7 | Baseline | RGDPPC | Both | Country | 0.820112 | 0.782729 | 47 | 49 | 4.883597 | 5% |
| 8 | Baseline | RGDPPC | Country | None | 0.778479 | 0.492414 | 45 | 71 | 2.235059 | 1% |
| 8 | Baseline | RGDPPC | Both | Country | 0.822298 | 0.778479 | 43 | 45 | 5.301620 | 1% |
| 9 | Baseline | PRGDPPC | Country | None | 0.905069 | 0.552021 | 38 | 64 | 5.435456 | 1% |
| 9 | Baseline | PRGDPPC | Both | Country | 0.907688 | 0.905069 | 36 | 38 | 0.510681 | None |
| 10 | Baseline | PRGDPPC | Country | None | 0.941189 | 0.734728 | 31 | 57 | 4.185697 | 1% |
| 10 | Baseline | PRGDPPC | Both | Country | 0.944037 | 0.941189 | 29 | 31 | 0.737916 | None |
| 11 | Baseline | PRGDPPC | Country | None | 0.920686 | 0.717128 | 36 | 62 | 3.553591 | 1% |
| 11 | Baseline | PRGDPPC | Both | Country | 0.921102 | 0.920686 | 34 | 36 | 0.089635 | None |
| 12 | Baseline | PRGDPPC | Country | None | 0.939160 | 0.675625 | 32 | 58 | 5.331209 | 1% |
| 12 | Baseline | PRGDPPC | Both | Country | 0.940808 | 0.939160 | 30 | 32 | 0.417624 | None |
| 13 | Baseline | PRGDPPC | Country | None | 0.938836 | 0.718943 | 32 | 58 | 4.424785 | 1% |
| 13 | Baseline | PRGDPPC | Both | Country | 0.942584 | 0.938836 | 30 | 32 | 0.979170 | None |
| 14 | Baseline | PRGDPPC | Country | None | 0.919976 | 0.691871 | 37 | 63 | 4.056420 | 1% |
| 14 | Baseline | PRGDPPC | Both | Country | 0.920515 | 0.919976 | 35 | 37 | 0.118670 | None |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 15 | Baseline | PRGDPPC | Country | None | 0.917090 | 0.631492 | 37 | 63 | 4.902037 | 1% |
| 15 | Baseline | PRGDPPC | Both | Country | 0.917174 | 0.917090 | 35 | 37 | 0.017748 | None |
| 16 | Baseline | PRGDPPC | Country | None | 0.922022 | 0.635033 | 33 | 59 | 4.671257 | 1% |
| 16 | Baseline | PRGDPPC | Both | Country | 0.926672 | 0.922022 | 31 | 33 | 0.982912 | None |
| 17 | Implicit | RGDPPC | Country | None | 0.861455 | 0.700368 | 27 | 53 | 1.207425 | None |
| 17 | Implicit | RGDPPC | Period | None | 0.745783 | 0.700368 | 51 | 53 | 4.555488 | 5% |
| 18 | Implicit | RGDPPC | Country | None | 0.859779 | 0.670936 | 28 | 54 | 1.450349 | None |
| 18 | Implicit | RGDPPC | Period | None | 0.731266 | 0.670936 | 52 | 54 | 5.836924 | 1% |
| 19 | Implicit | RGDPPC | Country | None | 0.858093 | 0.700338 | 28 | 54 | 1.197193 | None |
| 19 | Implicit | RGDPPC | Period | None | 0.745783 | 0.700338 | 52 | 54 | 4.647880 | 5% |
| 20 | Implicit | RGDPPC | Country | None | 0.816810 | 0.615659 | 42 | 68 | 1.773766 | 5% |
| 20 | Implicit | RGDPPC | Both | Country | 0.838685 | 0.816810 | 40 | 42 | 2.712085 | 10% |
| 21 | Implicit | RGDPPC | Country | None | 0.796418 | 0.461288 | 48 | 74 | 3.039078 | 1% |
| 21 | Implicit | RGDPPC | Both | Country | 0.830164 | 0.796418 | 46 | 48 | 4.570044 | 5% |
| 22 | Implicit | RGDPPC | Country | None | 0.857419 | 0.668054 | 29 | 55 | 1.481367 | None |
| 22 | Implicit | RGDPPC | Period | None | 0.729834 | 0.668054 | 53 | 55 | 6.059867 | 1% |
| 23 | Implicit | RGDPPC | Country | None | 0.815314 | 0.614829 | 43 | 69 | 1.795325 | 5% |
| 23 | Implicit | RGDPPC | Both | Country | 0.838613 | 0.815314 | 41 | 43 | 2.959529 | 10% |
| 24 | Implicit | RGDPPC | Country | None | 0.894549 | 0.780540 | 22 | 48 | 0.914824 | None |
| 24 | Implicit | RGDPPC | Period | None | 0.817737 | 0.780540 | 46 | 48 | 4.693937 | 5% |
| 25 | Implicit | RGDPPC | Country | None | 0.893649 | 0.776568 | 23 | 49 | 0.973866 | None |
| 25 | Implicit | RGDPPC | Period | None | 0.815313 | 0.776568 | 47 | 49 | 4.930003 | 5% |
| 26 | Implicit | RGDPPC | Country | None | 0.894277 | 0.780038 | 23 | 49 | 0.955871 | None |
| 26 | Implicit | RGDPPC | Period | None | 0.816628 | 0.780038 | 47 | 49 | 4.689184 | 5% |
| 27 | Implicit | RGDPPC | Country | None | 0.845181 | 0.705942 | 35 | 61 | 1.210685 | None |
| 27 | Implicit | RGDPPC | Period | None | 0.724146 | 0.705942 | 59 | 61 | 1.946747 | None |
| 28 | Implicit | RGDPPC | Country | None | 0.822360 | 0.659374 | 41 | 67 | 1.446838 | None |
| 28 | Implicit | RGDPPC | Period | None | 0.676657 | 0.659374 | 65 | 67 | 1.737157 | None |
| 29 | Implicit | RGDPPC | Country | None | 0.893649 | 0.776568 | 24 | 50 | 1.016208 | None |
| 29 | Implicit | RGDPPC | Period | None | 0.815313 | 0.776568 | 48 | 50 | 5.034897 | 5% |
| 30 | Implicit | RGDPPC | Country | None | 0.840294 | 0.701027 | 36 | 62 | 1.207414 | None |
| 30 | Implicit | RGDPPC | Period | None | 0.719756 | 0.701027 | 60 | 62 | 2.004931 | None |
| 31 | Implicit | PRGDPPC | Country | None | 0.966021 | 0.842517 | 19 | 45 | 2.656138 | 1% |
| 31 | Implicit | PRGDPPC | Both | Country | 0.970669 | 0.966021 | 17 | 19 | 1.346971 | None |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 32 | Implicit | PRGDPPC | Country | None | 0.963345 | 0.830258 | 20 | 46 | 2.792924 | 1% |
| 32 | Implicit | PRGDPPC | Both | Country | 0.966634 | 0.963345 | 18 | 20 | 0.887161 | None |
| 33 | Implicit | PRGDPPC | Country | None | 0.965811 | 0.842442 | 20 | 46 | 2.775724 | 1% |
| 33 | Implicit | PRGDPPC | Both | Country | 0.970269 | 0.965811 | 18 | 20 | 1.349501 | None |
| 34 | Implicit | PRGDPPC | Country | None | 0.930395 | 0.673240 | 31 | 57 | 4.404969 | 1% |
| 34 | Implicit | PRGDPPC | Both | Country | 0.936187 | 0.930395 | 29 | 31 | 1.316095 | None |
| 35 | Implicit | PRGDPPC | Country | None | 0.912011 | 0.553474 | 36 | 62 | 5.642022 | 1% |
| 35 | Implicit | PRGDPPC | Both | Country | 0.914309 | 0.912011 | 34 | 36 | 0.455894 | None |
| 36 | Implicit | PRGDPPC | Country | None | 0.963343 | 0.829854 | 21 | 47 | 2.941267 | 1% |
| 36 | Implicit | PRGDPPC | Both | Country | 0.966588 | 0.963343 | 19 | 21 | 0.922648 | None |
| 37 | Implicit | PRGDPPC | Country | None | 0.927677 | 0.672539 | 32 | 58 | 4.341855 | 1% |
| 37 | Implicit | PRGDPPC | Both | Country | 0.931415 | 0.927677 | 30 | 32 | 0.817526 | None |
| 38 | Implicit | PRGDPPC | Country | None | 0.969926 | 0.908427 | 14 | 40 | 1.101112 | None |
| 38 | Implicit | PRGDPPC | Period | None | 0.922500 | 0.908427 | 38 | 40 | 3.450155 | 5% |
| 39 | Implicit | PRGDPPC | Country | None | 0.969837 | 0.904269 | 15 | 41 | 1.254109 | None |
| 39 | Implicit | PRGDPPC | Period | None | 0.921051 | 0.904269 | 39 | 41 | 4.145068 | 5% |
| 40 | Implicit | PRGDPPC | Country | None | 0.969861 | 0.905206 | 15 | 41 | 1.237631 | None |
| 40 | Implicit | PRGDPPC | Both | Country | 0.920915 | 0.905206 | 39 | 41 | 3.873370 | 5% |
| 41 | Implicit | PRGDPPC | Country | None | 0.964103 | 0.818703 | 24 | 50 | 3.738903 | 1% |
| 41 | Implicit | PRGDPPC | Both | Country | 0.974051 | 0.964103 | 22 | 24 | 4.217041 | 5% |
| 42 | Implicit | PRGDPPC | Country | None | 0.951415 | 0.751011 | 29 | 55 | 4.600752 | 1% |
| 42 | Implicit | PRGDPPC | Both | Country | 0.961884 | 0.951415 | 27 | 29 | 3.707931 | 5% |
| 43 | Implicit | PRGDPPC | Country | None | 0.969771 | 0.903586 | 16 | 42 | 1.347356 | None |
| 43 | Implicit | PRGDPPC | Period | None | 0.920533 | 0.903586 | 40 | 42 | 4.265167 | 5% |
| 44 | Implicit | PRGDPPC | Country | None | 0.964065 | 0.810534 | 25 | 51 | 4.108139 | 1% |
| 44 | Implicit | PRGDPPC | Both | Country | 0.972515 | 0.964065 | 23 | 25 | 3.535565 | 5% |
| 45 | Income | RGDPPC | Country | None | 0.821583 | 0.604077 | 48 | 74 | 2.250624 | 1% |
| 45 | Income | RGDPPC | Both | Country | 0.843144 | 0.821583 | 46 | 48 | 3.161518 | 10% |
| 46 | Income | RGDPPC | Country | None | 0.800596 | 0.572452 | 49 | 75 | 2.156244 | 1% |
| 46 | Income | RGDPPC | Both | Country | 0.828999 | 0.800596 | 47 | 49 | 3.903313 | 5% |
| 47 | Income | RGDPPC | Country | None | 0.816911 | 0.551001 | 49 | 75 | 2.737128 | 1% |
| 47 | Income | RGDPPC | Both | Country | 0.841312 | 0.816911 | 47 | 49 | 3.613528 | 5% |
| 48 | Income | RGDPPC | Country | None | 0.827190 | 0.664443 | 41 | 67 | 1.485096 | None |
| 48 | Income | RGDPPC | Period | None | 0.703388 | 0.664443 | 39 | 41 | 2.560340 | 10% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 49 | Income | RGDPPC | Country | None | 0.817052 | 0.663181 | 42 | 68 | 1.358642 | None |
| 49 | Income | RGDPPC | Period | None | 0.699450 | 0.663181 | 40 | 42 | 2.413509 | 10% |
| 50 | Income | RGDPPC | Country | None | 0.821770 | 0.627020 | 42 | 68 | 1.765113 | 5% |
| 50 | Income | RGDPPC | Both | Country | 0.844314 | 0.821770 | 40 | 42 | 2.896086 | 10% |
| 51 | Income | PRGDPPC | Country | None | 0.928642 | 0.605868 | 36 | 62 | 6.263038 | 1% |
| 51 | Income | PRGDPPC | Both | Country | 0.929200 | 0.928642 | 34 | 36 | 0.133983 | None |
| 52 | Income | PRGDPPC | Country | None | 0.905186 | 0.581464 | 37 | 63 | 4.858790 | 1% |
| 52 | Income | PRGDPPC | Both | Country | 0.908197 | 0.905186 | 35 | 37 | 0.573974 | None |
| 53 | Income | PRGDPPC | Country | None | 0.925868 | 0.595241 | 37 | 63 | 6.346890 | 1% |
| 53 | Income | PRGDPPC | Both | Country | 0.926469 | 0.925868 | 35 | 37 | 0.143035 | None |
| 54 | Income | PRGDPPC | Country | None | 0.949368 | 0.740544 | 29 | 55 | 4.600235 | 1% |
| 54 | Income | PRGDPPC | Both | Country | 0.950434 | 0.949368 | 27 | 29 | 0.290340 | None |
| 55 | Income | PRGDPPC | Country | None | 0.941189 | 0.737616 | 30 | 56 | 3.994013 | 1% |
| 55 | Income | PRGDPPC | Both | Country | 0.944149 | 0.941189 | 28 | 30 | 0.741974 | None |
| 56 | Income | PRGDPPC | Country | None | 0.948116 | 0.735756 | 30 | 56 | 4.722665 | 1% |
| 56 | Income | PRGDPPC | Both | Country | 0.949132 | 0.948116 | 28 | 30 | 0.279626 | None |
| 57 | Structural | RGDPPC | Country | None | 0.831161 | 0.589910 | 47 | 73 | 2.582979 | 1% |
| 57 | Structural | RGDPPC | Both | Country | 0.866322 | 0.831161 | 45 | 47 | 5.918120 | 1% |
| 58 | Structural | RGDPPC | Country | None | 0.801036 | 0.543368 | 47 | 73 | 2.341049 | 1% |
| 58 | Structural | RGDPPC | Both | Country | 0.861073 | 0.801036 | 45 | 47 | 9.723326 | 1% |
| 59 | Structural | RGDPPC | Country | None | 0.822435 | 0.591847 | 47 | 73 | 2.347491 | 1% |
| 59 | Structural | RGDPPC | Both | Country | 0.857002 | 0.822435 | 45 | 47 | 5.438940 | 1% |
| 60 | Structural | RGDPPC | Country | None | 0.847124 | 0.664199 | 41 | 67 | 1.886880 | 5% |
| 60 | Structural | RGDPPC | Both | Country | 0.870869 | 0.847124 | 39 | 41 | 3.585719 | 5% |
| 61 | Structural | RGDPPC | Country | None | 0.833573 | 0.639780 | 41 | 67 | 1.836220 | 5% |
| 61 | Structural | RGDPPC | Both | Country | 0.881472 | 0.833573 | 39 | 41 | 7.880252 | 1% |
| 62 | Structural | RGDPPC | Country | None | 0.834220 | 0.673641 | 41 | 67 | 1.527450 | 10% |
| 62 | Structural | RGDPPC | Both | Country | 0.867194 | 0.834220 | 39 | 41 | 4.841596 | 5% |
| 63 | Structural | RGDPPC | Country | None | 0.832262 | 0.555906 | 47 | 73 | 2.978255 | 1% |
| 63 | Structural | RGDPPC | Both | Country | 0.873286 | 0.832262 | 45 | 47 | 7.284436 | 1% |
| 64 | Structural | RGDPPC | Country | None | 0.832268 | 0.560357 | 46 | 72 | 2.868107 | 1% |
| 64 | Structural | RGDPPC | Both | Country | 0.873862 | 0.832268 | 44 | 46 | 7.254499 | 1% |
| 65 | Structural | RGDPPC | Country | None | 0.842660 | 0.636383 | 41 | 67 | 2.067389 | 5% |
| 65 | Structural | RGDPPC | Both | Country | 0.875595 | 0.842660 | 39 | 41 | 5.162433 | 5% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 66 | Structural | RGDPPC | Country | None | 0.842672 | 0.643060 | 40 | 66 | 1.951944 | 5% |
| 66 | Structural | RGDPPC | Both | Country | 0.875817 | 0.842672 | 38 | 40 | 5.071185 | 5% |
| 67 | Structural | PRGDPPC | Country | None | 0.916770 | 0.632241 | 35 | 61 | 4.601944 | 1% |
| 67 | Structural | PRGDPPC | Both | Country | 0.920197 | 0.916770 | 33 | 35 | 0.708564 | None |
| 68 | Structural | PRGDPPC | Country | None | 0.917290 | 0.632786 | 35 | 61 | 4.630470 | 1% |
| 68 | Structural | PRGDPPC | Both | Country | 0.920594 | 0.917290 | 33 | 35 | 0.686548 | None |
| 69 | Structural | PRGDPPC | Country | None | 0.916597 | 0.632364 | 35 | 61 | 4.587621 | 1% |
| 69 | Structural | PRGDPPC | Both | Country | 0.920033 | 0.916597 | 33 | 35 | 0.708967 | None |
| 70 | Structural | PRGDPPC | Country | None | 0.945225 | 0.744186 | 29 | 55 | 4.093762 | 1% |
| 70 | Structural | PRGDPPC | Both | Country | 0.951532 | 0.945225 | 27 | 29 | 1.756716 | None |
| 71 | Structural | PRGDPPC | Country | None | 0.945213 | 0.744182 | 29 | 55 | 4.092702 | 1% |
| 71 | Structural | PRGDPPC | Both | Country | 0.951648 | 0.945213 | 27 | 29 | 1.796668 | None |
| 72 | Structural | PRGDPPC | Country | None | 0.945160 | 0.744073 | 29 | 55 | 4.089886 | 1% |
| 72 | Structural | PRGDPPC | Both | Country | 0.951658 | 0.945160 | 27 | 29 | 1.814633 | None |
| 73 | Structural | PRGDPPC | Country | None | 0.908189 | 0.629631 | 35 | 61 | 4.084281 | 1% |
| 73 | Structural | PRGDPPC | Both | Country | 0.912770 | 0.908189 | 33 | 35 | 0.866520 | None |
| 74 | Structural | PRGDPPC | Country | None | 0.909791 | 0.633006 | 34 | 60 | 4.012345 | 1% |
| 74 | Structural | PRGDPPC | Both | Country | 0.915649 | 0.909791 | 32 | 34 | 1.111166 | None |
| 75 | Structural | PRGDPPC | Country | None | 0.943658 | 0.745739 | 29 | 55 | 3.918139 | 1% |
| 75 | Structural | PRGDPPC | Both | Country | 0.946601 | 0.943658 | 27 | 29 | 0.744031 | None |
| 76 | Structural | PRGDPPC | Country | None | 0.943963 | 0.756388 | 28 | 54 | 3.604830 | 1% |
| 76 | Structural | PRGDPPC | Both | Country | 0.946873 | 0.943963 | 26 | 28 | 0.712067 | None |

## Table B.2 Panel Fixed Effects

| Spec. | Type | Dependent | Unrest. | Rest. | R^2 UR | R^2 R | df UR | df R | F-statistic | Sig. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Baseline | RGDPPC | Country | None | 0.508953 | 0.290202 | 320 | 346 | 5.482815 | 1% |
| 1 | Baseline | RGDPPC | Both | Country | 0.565421 | 0.508953 | 318 | 320 | 20.660023 | 1% |
| 2 | Baseline | RGDPPC | Country | None | 0.551620 | 0.420680 | 303 | 329 | 3.403262 | 1% |
| 2 | Baseline | RGDPPC | Both | Country | 0.606399 | 0.551620 | 301 | 303 | 20.945677 | 1% |
| 3 | Baseline | RGDPPC | Country | None | 0.539716 | 0.413821 | 318 | 344 | 3.345310 | 1% |
| 3 | Baseline | RGDPPC | Both | Country | 0.591356 | 0.539716 | 316 | 318 | 19.966328 | 1% |
| 4 | Baseline | RGDPPC | Country | None | 0.550988 | 0.383656 | 304 | 330 | 4.357338 | 1% |
| 4 | Baseline | RGDPPC | Both | Country | 0.604496 | 0.550988 | 302 | 304 | 20.428891 | 1% |
| 5 | Baseline | RGDPPC | Country | None | 0.542623 | 0.399311 | 304 | 330 | 3.663604 | 1% |
| 5 | Baseline | RGDPPC | Both | Country | 0.600734 | 0.542623 | 302 | 304 | 21.977231 | 1% |
| 6 | Baseline | RGDPPC | Country | None | 0.532337 | 0.390510 | 319 | 345 | 3.720859 | 1% |
| 6 | Baseline | RGDPPC | Both | Country | 0.587118 | 0.532337 | 317 | 319 | 21.029709 | 1% |
| 7 | Baseline | RGDPPC | Country | None | 0.538494 | 0.374184 | 319 | 345 | 4.368215 | 1% |
| 7 | Baseline | RGDPPC | Both | Country | 0.588602 | 0.538494 | 317 | 319 | 19.305194 | 1% |
| 8 | Baseline | RGDPPC | Country | None | 0.520475 | 0.313025 | 305 | 331 | 5.074914 | 1% |
| 8 | Baseline | RGDPPC | Both | Country | 0.579284 | 0.520475 | 303 | 305 | 21.177144 | 1% |
| 9 | Baseline | PRGDPPC | Country | None | 0.802711 | 0.427584 | 292 | 318 | 21.354281 | 1% |
| 9 | Baseline | PRGDPPC | Both | Country | 0.813007 | 0.802711 | 290 | 292 | 7.983828 | 1% |
| 10 | Baseline | PRGDPPC | Country | None | 0.821401 | 0.588570 | 275 | 301 | 13.788630 | 1% |
| 10 | Baseline | PRGDPPC | Both | Country | 0.832852 | 0.821401 | 273 | 275 | 9.351362 | 1% |
| 11 | Baseline | PRGDPPC | Country | None | 0.811697 | 0.582159 | 290 | 316 | 13.596340 | 1% |
| 11 | Baseline | PRGDPPC | Both | Country | 0.822751 | 0.811697 | 288 | 290 | 8.980451 | 1% |
| 12 | Baseline | PRGDPPC | Country | None | 0.818526 | 0.506077 | 276 | 302 | 18.276813 | 1% |
| 12 | Baseline | PRGDPPC | Both | Country | 0.831224 | 0.818526 | 274 | 276 | 10.307307 | 1% |
| 13 | Baseline | PRGDPPC | Country | None | 0.821358 | 0.584799 | 276 | 302 | 14.056967 | 1% |
| 13 | Baseline | PRGDPPC | Both | Country | 0.831402 | 0.821358 | 274 | 276 | 8.161591 | 1% |
| 14 | Baseline | PRGDPPC | Country | None | 0.811696 | 0.576227 | 291 | 317 | 13.995675 | 1% |
| 14 | Baseline | PRGDPPC | Both | Country | 0.821985 | 0.811696 | 289 | 291 | 8.351883 | 1% |
| 15 | Baseline | PRGDPPC | Country | None | 0.807798 | 0.487435 | 291 | 317 | 18.655380 | 1% |
| 15 | Baseline | PRGDPPC | Both | Country | 0.820509 | 0.807798 | 289 | 291 | 10.233045 | 1% |
| 16 | Baseline | PRGDPPC | Country | None | 0.813204 | 0.466569 | 277 | 303 | 19.770209 | 1% |
| 16 | Baseline | PRGDPPC | Both | Country | 0.822302 | 0.813204 | 275 | 277 | 7.039894 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 17 | Implicit | RGDPPC | Country | None | 0.629231 | 0.500711 | 229 | 255 | 3.053018 | 1% |
| 17 | Implicit | RGDPPC | Both | Country | 0.686756 | 0.629231 | 227 | 229 | 20.843456 | 1% |
| 18 | Implicit | RGDPPC | Country | None | 0.627243 | 0.473138 | 230 | 256 | 3.657172 | 1% |
| 18 | Implicit | RGDPPC | Both | Country | 0.686465 | 0.627243 | 228 | 230 | 21.532869 | 1% |
| 19 | Implicit | RGDPPC | Country | None | 0.625699 | 0.500079 | 230 | 256 | 2.968878 | 1% |
| 19 | Implicit | RGDPPC | Both | Country | 0.686533 | 0.625699 | 228 | 230 | 22.123783 | 1% |
| 20 | Implicit | RGDPPC | Country | None | 0.552137 | 0.334530 | 305 | 331 | 5.699728 | 1% |
| 20 | Implicit | RGDPPC | Both | Country | 0.598556 | 0.552137 | 303 | 305 | 17.517956 | 1% |
| 21 | Implicit | RGDPPC | Country | None | 0.532027 | 0.296977 | 314 | 340 | 6.065907 | 1% |
| 21 | Implicit | RGDPPC | Both | Country | 0.580525 | 0.532027 | 312 | 314 | 18.036088 | 1% |
| 22 | Implicit | RGDPPC | Country | None | 0.624732 | 0.471922 | 231 | 257 | 3.617836 | 1% |
| 22 | Implicit | RGDPPC | Both | Country | 0.686361 | 0.624732 | 229 | 231 | 22.498862 | 1% |
| 23 | Implicit | RGDPPC | Country | None | 0.523303 | 0.310029 | 310 | 336 | 5.334379 | 1% |
| 23 | Implicit | RGDPPC | Both | Country | 0.580651 | 0.523303 | 308 | 310 | 21.060243 | 1% |
| 24 | Implicit | RGDPPC | Country | None | 0.642759 | 0.562632 | 219 | 245 | 1.889245 | 5% |
| 24 | Implicit | RGDPPC | Both | Country | 0.697783 | 0.642759 | 217 | 219 | 19.754362 | 1% |
| 25 | Implicit | RGDPPC | Country | None | 0.641565 | 0.553821 | 220 | 246 | 2.071364 | 1% |
| 25 | Implicit | RGDPPC | Both | Country | 0.697465 | 0.641565 | 218 | 220 | 20.140149 | 1% |
| 26 | Implicit | RGDPPC | Country | None | 0.640214 | 0.562304 | 220 | 246 | 1.832307 | 5% |
| 26 | Implicit | RGDPPC | Both | Country | 0.697103 | 0.640214 | 218 | 220 | 20.471979 | 1% |
| 27 | Implicit | RGDPPC | Country | None | 0.603578 | 0.468560 | 288 | 314 | 3.772707 | 1% |
| 27 | Implicit | RGDPPC | Both | Country | 0.643725 | 0.603578 | 286 | 288 | 16.114016 | 1% |
| 28 | Implicit | RGDPPC | Country | None | 0.582310 | 0.463397 | 297 | 323 | 3.252059 | 1% |
| 28 | Implicit | RGDPPC | Both | Country | 0.629941 | 0.582310 | 295 | 297 | 18.985006 | 1% |
| 29 | Implicit | RGDPPC | Country | None | 0.638387 | 0.552804 | 221 | 247 | 2.011696 | 1% |
| 29 | Implicit | RGDPPC | Both | Country | 0.696886 | 0.638387 | 219 | 221 | 21.132777 | 1% |
| 30 | Implicit | RGDPPC | Country | None | 0.565422 | 0.421873 | 293 | 319 | 3.722431 | 1% |
| 30 | Implicit | RGDPPC | Both | Country | 0.618051 | 0.565422 | 291 | 293 | 20.048539 | 1% |
| 31 | Implicit | PRGDPPC | Country | None | 0.893964 | 0.741346 | 209 | 235 | 11.569787 | 1% |
| 31 | Implicit | PRGDPPC | Both | Country | 0.904281 | 0.893964 | 207 | 209 | 11.155669 | 1% |
| 32 | Implicit | PRGDPPC | Country | None | 0.893497 | 0.716536 | 210 | 236 | 13.420283 | 1% |
| 32 | Implicit | PRGDPPC | Both | Country | 0.904043 | 0.893497 | 208 | 210 | 11.429953 | 1% |
| 33 | Implicit | PRGDPPC | Country | None | 0.893681 | 0.741098 | 210 | 236 | 11.591542 | 1% |
| 33 | Implicit | PRGDPPC | Both | Country | 0.904267 | 0.893681 | 208 | 210 | 11.500151 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 34 | Implicit | PRGDPPC | Country | None | 0.807355 | 0.505404 | 278 | 304 | 16.759080 | 1% |
| 34 | Implicit | PRGDPPC | Both | Country | 0.819260 | 0.807355 | 276 | 278 | 9.089797 | 1% |
| 35 | Implicit | PRGDPPC | Country | None | 0.805770 | 0.426655 | 286 | 312 | 21.470756 | 1% |
| 35 | Implicit | PRGDPPC | Both | Country | 0.816892 | 0.805770 | 284 | 286 | 8.625096 | 1% |
| 36 | Implicit | PRGDPPC | Country | None | 0.893338 | 0.715505 | 211 | 237 | 13.530434 | 1% |
| 36 | Implicit | PRGDPPC | Both | Country | 0.904043 | 0.893338 | 209 | 211 | 11.658060 | 1% |
| 37 | Implicit | PRGDPPC | Country | None | 0.805026 | 0.499750 | 283 | 309 | 17.042333 | 1% |
| 37 | Implicit | PRGDPPC | Both | Country | 0.815812 | 0.805026 | 281 | 283 | 8.227642 | 1% |
| 38 | Implicit | PRGDPPC | Country | None | 0.897895 | 0.789659 | 199 | 225 | 8.113429 | 1% |
| 38 | Implicit | PRGDPPC | Both | Country | 0.911429 | 0.897895 | 197 | 199 | 15.051191 | 1% |
| 39 | Implicit | PRGDPPC | Country | None | 0.896934 | 0.782404 | 200 | 226 | 8.547921 | 1% |
| 39 | Implicit | PRGDPPC | Both | Country | 0.909280 | 0.896934 | 198 | 200 | 13.472817 | 1% |
| 40 | Implicit | PRGDPPC | Country | None | 0.897814 | 0.789514 | 200 | 226 | 8.152554 | 1% |
| 40 | Implicit | PRGDPPC | Both | Country | 0.911315 | 0.897814 | 198 | 200 | 15.071309 | 1% |
| 41 | Implicit | PRGDPPC | Country | None | 0.830733 | 0.634968 | 261 | 287 | 11.609938 | 1% |
| 41 | Implicit | PRGDPPC | Both | Country | 0.842581 | 0.830733 | 259 | 261 | 9.746701 | 1% |
| 42 | Implicit | PRGDPPC | Country | None | 0.828535 | 0.626235 | 269 | 295 | 12.206730 | 1% |
| 42 | Implicit | PRGDPPC | Both | Country | 0.839735 | 0.828535 | 267 | 269 | 9.329548 | 1% |
| 43 | Implicit | PRGDPPC | Country | None | 0.896785 | 0.781086 | 201 | 227 | 8.665817 | 1% |
| 43 | Implicit | PRGDPPC | Both | Country | 0.909241 | 0.896785 | 199 | 201 | 13.655637 | 1% |
| 44 | Implicit | PRGDPPC | Country | None | 0.824528 | 0.603616 | 266 | 292 | 12.880116 | 1% |
| 44 | Implicit | PRGDPPC | Both | Country | 0.837190 | 0.824528 | 264 | 266 | 10.265856 | 1% |
| 45 | Income | RGDPPC | Country | None | 0.529159 | 0.375961 | 318 | 344 | 3.979537 | 1% |
| 45 | Income | RGDPPC | Both | Country | 0.578337 | 0.529159 | 316 | 318 | 18.427332 | 1% |
| 46 | Income | RGDPPC | Country | None | 0.520883 | 0.359033 | 319 | 345 | 4.144656 | 1% |
| 46 | Income | RGDPPC | Both | Country | 0.571874 | 0.520883 | 317 | 319 | 18.877792 | 1% |
| 47 | Income | RGDPPC | Country | None | 0.526060 | 0.344886 | 319 | 345 | 4.690184 | 1% |
| 47 | Income | RGDPPC | Both | Country | 0.576723 | 0.526060 | 317 | 319 | 18.971230 | 1% |
| 48 | Income | RGDPPC | Country | None | 0.566595 | 0.450808 | 301 | 327 | 3.092851 | 1% |
| 48 | Income | RGDPPC | Both | Country | 0.613364 | 0.566595 | 299 | 301 | 18.084104 | 1% |
| 49 | Income | RGDPPC | Country | None | 0.562972 | 0.450385 | 302 | 328 | 2.992351 | 1% |
| 49 | Income | RGDPPC | Both | Country | 0.611399 | 0.562972 | 300 | 302 | 18.692824 | 1% |
| 50 | Income | RGDPPC | Country | None | 0.562147 | 0.428160 | 302 | 328 | 3.554413 | 1% |
| 50 | Income | RGDPPC | Both | Country | 0.611251 | 0.562147 | 300 | 302 | 18.946930 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 51 | Income | PRGDPPC | Country | None | 0.825209 | 0.520907 | 290 | 316 | 19.418263 | 1% |
| 51 | Income | PRGDPPC | Both | Country | 0.837767 | 0.825209 | 288 | 290 | 11.146635 | 1% |
| 52 | Income | PRGDPPC | Country | None | 0.802818 | 0.494274 | 291 | 317 | 17.513360 | 1% |
| 52 | Income | PRGDPPC | Both | Country | 0.813271 | 0.802818 | 289 | 291 | 8.089041 | 1% |
| 53 | Income | PRGDPPC | Country | None | 0.822798 | 0.494636 | 291 | 317 | 20.727137 | 1% |
| 53 | Income | PRGDPPC | Both | Country | 0.836099 | 0.822798 | 289 | 291 | 11.726557 | 1% |
| 54 | Income | PRGDPPC | Country | None | 0.838424 | 0.613458 | 273 | 299 | 14.619393 | 1% |
| 54 | Income | PRGDPPC | Both | Country | 0.849887 | 0.838424 | 271 | 273 | 10.347115 | 1% |
| 55 | Income | PRGDPPC | Country | None | 0.821515 | 0.612582 | 274 | 300 | 12.336232 | 1% |
| 55 | Income | PRGDPPC | Both | Country | 0.832964 | 0.821515 | 272 | 274 | 9.321727 | 1% |
| 56 | Income | PRGDPPC | Country | None | 0.836612 | 0.589440 | 274 | 300 | 15.942496 | 1% |
| 56 | Income | PRGDPPC | Both | Country | 0.848434 | 0.836612 | 272 | 274 | 10.607867 | 1% |
| 57 | Structural | RGDPPC | Country | None | 0.538368 | 0.382038 | 317 | 343 | 4.128881 | 1% |
| 57 | Structural | RGDPPC | Both | Country | 0.594495 | 0.538368 | 315 | 317 | 21.799984 | 1% |
| 58 | Structural | RGDPPC | Country | None | 0.513132 | 0.342372 | 317 | 343 | 4.276228 | 1% |
| 58 | Structural | RGDPPC | Both | Country | 0.574164 | 0.513132 | 315 | 317 | 22.573338 | 1% |
| 59 | Structural | RGDPPC | Country | None | 0.543851 | 0.380405 | 317 | 343 | 4.368713 | 1% |
| 59 | Structural | RGDPPC | Both | Country | 0.595282 | 0.543851 | 315 | 317 | 20.014881 | 1% |
| 60 | Structural | RGDPPC | Country | None | 0.585626 | 0.467837 | 301 | 327 | 3.290830 | 1% |
| 60 | Structural | RGDPPC | Both | Country | 0.636917 | 0.585626 | 299 | 301 | 21.119150 | 1% |
| 61 | Structural | RGDPPC | Country | None | 0.564939 | 0.437949 | 301 | 327 | 3.379189 | 1% |
| 61 | Structural | RGDPPC | Both | Country | 0.627484 | 0.564939 | 299 | 301 | 25.100875 | 1% |
| 62 | Structural | RGDPPC | Country | None | 0.583938 | 0.469571 | 301 | 327 | 3.182261 | 1% |
| 62 | Structural | RGDPPC | Both | Country | 0.635162 | 0.583938 | 299 | 301 | 20.990105 | 1% |
| 63 | Structural | RGDPPC | Country | None | 0.539759 | 0.354025 | 317 | 343 | 4.920305 | 1% |
| 63 | Structural | RGDPPC | Both | Country | 0.606387 | 0.539759 | 315 | 317 | 26.660476 | 1% |
| 64 | Structural | RGDPPC | Country | None | 0.541644 | 0.357780 | 316 | 342 | 4.875369 | 1% |
| 64 | Structural | RGDPPC | Both | Country | 0.608244 | 0.541644 | 314 | 316 | 26.690593 | 1% |
| 65 | Structural | RGDPPC | Country | None | 0.584079 | 0.445130 | 301 | 327 | 3.867566 | 1% |
| 65 | Structural | RGDPPC | Both | Country | 0.650904 | 0.584079 | 299 | 301 | 28.617737 | 1% |
| 66 | Structural | RGDPPC | Country | None | 0.584274 | 0.453170 | 300 | 326 | 3.638787 | 1% |
| 66 | Structural | RGDPPC | Both | Country | 0.651170 | 0.584274 | 298 | 300 | 28.574102 | 1% |
| 67 | Structural | PRGDPPC | Country | None | 0.819622 | 0.548716 | 289 | 315 | 16.693967 | 1% |
| 67 | Structural | PRGDPPC | Both | Country | 0.828902 | 0.819622 | 287 | 289 | 7.783142 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 68 | Structural | PRGDPPC | Country | None | 0.820016 | 0.548398 | 289 | 315 | 16.774483 | 1% |
| 68 | Structural | PRGDPPC | Both | Country | 0.829432 | 0.820016 | 287 | 289 | 7.921744 | 1% |
| 69 | Structural | PRGDPPC | Country | None | 0.819148 | 0.548703 | 289 | 315 | 16.621880 | 1% |
| 69 | Structural | PRGDPPC | Both | Country | 0.828489 | 0.819148 | 287 | 289 | 7.815437 | 1% |
| 70 | Structural | PRGDPPC | Country | None | 0.842726 | 0.619811 | 273 | 299 | 14.882355 | 1% |
| 70 | Structural | PRGDPPC | Both | Country | 0.849184 | 0.842726 | 271 | 273 | 5.802163 | 1% |
| 71 | Structural | PRGDPPC | Country | None | 0.842003 | 0.620038 | 273 | 299 | 14.751119 | 1% |
| 71 | Structural | PRGDPPC | Both | Country | 0.848639 | 0.842003 | 271 | 273 | 5.940619 | 1% |
| 72 | Structural | PRGDPPC | Country | None | 0.842774 | 0.619233 | 273 | 299 | 14.928705 | 1% |
| 72 | Structural | PRGDPPC | Both | Country | 0.849224 | 0.842774 | 271 | 273 | 5.796513 | 1% |
| 73 | Structural | PRGDPPC | Country | None | 0.819757 | 0.533978 | 289 | 315 | 17.623672 | 1% |
| 73 | Structural | PRGDPPC | Both | Country | 0.828187 | 0.819757 | 287 | 289 | 7.040823 | 1% |
| 74 | Structural | PRGDPPC | Country | None | 0.823616 | 0.543028 | 288 | 314 | 17.620939 | 1% |
| 74 | Structural | PRGDPPC | Both | Country | 0.832145 | 0.823616 | 286 | 288 | 7.266075 | 1% |
| 75 | Structural | PRGDPPC | Country | None | 0.833241 | 0.609814 | 273 | 299 | 14.068107 | 1% |
| 75 | Structural | PRGDPPC | Both | Country | 0.843388 | 0.833241 | 271 | 273 | 8.779139 | 1% |
| 76 | Structural | PRGDPPC | Country | None | 0.835815 | 0.627488 | 272 | 298 | 13.274178 | 1% |
| 76 | Structural | PRGDPPC | Both | Country | 0.846698 | 0.835815 | 270 | 272 | 9.583730 | 1% |

## Table B.3 Lagged Panel Fixed Effects

| Spec. | Type | Dependent | Unrest. | Rest. | R^2 UR | R^2 R | df UR | df R | F-statistic | Sig. |
|---|---|---|---|---|---|---|---|---|---|---|
| 77 | Baseline | RGDPPC | Country | None | 0.436422 | 0.234722 | 320 | 346 | 4.404823 | 1% |
| 77 | Baseline | RGDPPC | Both | Country | 0.504208 | 0.436422 | 318 | 320 | 21.738903 | 1% |
| 78 | Baseline | RGDPPC | Country | None | 0.478784 | 0.336702 | 291 | 317 | 3.050991 | 1% |
| 78 | Baseline | RGDPPC | Both | Country | 0.541286 | 0.478784 | 289 | 291 | 19.688824 | 1% |
| 79 | Baseline | RGDPPC | Country | None | 0.467255 | 0.325579 | 308 | 334 | 3.150317 | 1% |
| 79 | Baseline | RGDPPC | Both | Country | 0.529366 | 0.467255 | 306 | 308 | 20.191875 | 1% |
| 80 | Baseline | RGDPPC | Country | None | 0.474565 | 0.308576 | 295 | 321 | 3.584338 | 1% |
| 80 | Baseline | RGDPPC | Both | Country | 0.539126 | 0.474565 | 293 | 295 | 20.522283 | 1% |
| 81 | Baseline | RGDPPC | Country | None | 0.474047 | 0.331192 | 292 | 318 | 3.050409 | 1% |
| 81 | Baseline | RGDPPC | Both | Country | 0.540386 | 0.474047 | 290 | 292 | 20.928768 | 1% |
| 82 | Baseline | RGDPPC | Country | None | 0.462823 | 0.318756 | 309 | 335 | 3.187368 | 1% |
| 82 | Baseline | RGDPPC | Both | Country | 0.528546 | 0.462823 | 307 | 309 | 21.398653 | 1% |
| 83 | Baseline | RGDPPC | Country | None | 0.463303 | 0.291119 | 312 | 338 | 3.849859 | 1% |
| 83 | Baseline | RGDPPC | Both | Country | 0.527065 | 0.463303 | 310 | 312 | 20.897396 | 1% |
| 84 | Baseline | RGDPPC | Country | None | 0.445568 | 0.263936 | 303 | 329 | 3.817802 | 1% |
| 84 | Baseline | RGDPPC | Both | Country | 0.516032 | 0.445568 | 301 | 303 | 21.912259 | 1% |
| 85 | Baseline | PRGDPPC | Country | None | 0.739867 | 0.396902 | 292 | 318 | 14.806890 | 1% |
| 85 | Baseline | PRGDPPC | Both | Country | 0.747798 | 0.739867 | 290 | 292 | 4.559817 | 5% |
| 86 | Baseline | PRGDPPC | Country | None | 0.758956 | 0.547033 | 272 | 298 | 9.197659 | 1% |
| 86 | Baseline | PRGDPPC | Both | Country | 0.768935 | 0.758956 | 270 | 272 | 5.830243 | 1% |
| 87 | Baseline | PRGDPPC | Country | None | 0.747811 | 0.535803 | 289 | 315 | 9.344382 | 1% |
| 87 | Baseline | PRGDPPC | Both | Country | 0.753681 | 0.747811 | 287 | 289 | 3.419732 | 5% |
| 88 | Baseline | PRGDPPC | Country | None | 0.758934 | 0.500343 | 273 | 299 | 11.263328 | 1% |
| 88 | Baseline | PRGDPPC | Both | Country | 0.768904 | 0.758934 | 271 | 273 | 5.845774 | 1% |
| 89 | Baseline | PRGDPPC | Country | None | 0.756023 | 0.538982 | 273 | 299 | 9.340760 | 1% |
| 89 | Baseline | PRGDPPC | Both | Country | 0.765725 | 0.756023 | 271 | 273 | 5.611444 | 1% |
| 90 | Baseline | PRGDPPC | Country | None | 0.745175 | 0.523652 | 290 | 316 | 9.696197 | 1% |
| 90 | Baseline | PRGDPPC | Both | Country | 0.751208 | 0.745175 | 288 | 290 | 3.491881 | 5% |
| 91 | Baseline | PRGDPPC | Country | None | 0.747794 | 0.473745 | 290 | 316 | 12.119856 | 1% |
| 91 | Baseline | PRGDPPC | Both | Country | 0.753678 | 0.747794 | 288 | 290 | 3.439790 | 5% |
| 92 | Baseline | PRGDPPC | Country | None | 0.752055 | 0.456342 | 275 | 301 | 12.614627 | 1% |
| 92 | Baseline | PRGDPPC | Both | Country | 0.762494 | 0.752055 | 273 | 275 | 5.999526 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 93 | Implicit | RGDPPC | Country | None | 0.654736 | 0.535053 | 208 | 234 | 2.773136 | 1% |
| 93 | Implicit | RGDPPC | Both | Country | 0.731566 | 0.654736 | 206 | 208 | 29.480207 | 1% |
| 94 | Implicit | RGDPPC | Country | None | 0.653329 | 0.510118 | 209 | 235 | 3.320717 | 1% |
| 94 | Implicit | RGDPPC | Both | Country | 0.731025 | 0.653329 | 207 | 209 | 29.896964 | 1% |
| 95 | Implicit | RGDPPC | Country | None | 0.654191 | 0.534928 | 209 | 235 | 2.772314 | 1% |
| 95 | Implicit | RGDPPC | Both | Country | 0.729040 | 0.654191 | 207 | 209 | 28.590462 | 1% |
| 96 | Implicit | RGDPPC | Country | None | 0.528322 | 0.287020 | 278 | 304 | 5.469993 | 1% |
| 96 | Implicit | RGDPPC | Both | Country | 0.597320 | 0.528322 | 276 | 278 | 23.645883 | 1% |
| 97 | Implicit | RGDPPC | Country | None | 0.515700 | 0.259617 | 287 | 313 | 5.836800 | 1% |
| 97 | Implicit | RGDPPC | Both | Country | 0.572140 | 0.515700 | 285 | 287 | 18.797504 | 1% |
| 98 | Implicit | RGDPPC | Country | None | 0.653097 | 0.507717 | 210 | 236 | 3.384874 | 1% |
| 98 | Implicit | RGDPPC | Both | Country | 0.728969 | 0.653097 | 208 | 210 | 29.113600 | 1% |
| 99 | Implicit | RGDPPC | Country | None | 0.503436 | 0.265783 | 283 | 309 | 5.209321 | 1% |
| 99 | Implicit | RGDPPC | Both | Country | 0.587160 | 0.503436 | 281 | 283 | 28.493416 | 1% |
| 100 | Implicit | RGDPPC | Country | None | 0.658612 | 0.569784 | 198 | 224 | 1.981497 | 1% |
| 100 | Implicit | RGDPPC | Both | Country | 0.731737 | 0.658612 | 196 | 198 | 26.713524 | 1% |
| 101 | Implicit | RGDPPC | Country | None | 0.656119 | 0.564205 | 199 | 225 | 2.045753 | 1% |
| 101 | Implicit | RGDPPC | Both | Country | 0.730779 | 0.656119 | 197 | 199 | 27.315885 | 1% |
| 102 | Implicit | RGDPPC | Country | None | 0.658561 | 0.569782 | 199 | 225 | 1.990109 | 1% |
| 102 | Implicit | RGDPPC | Both | Country | 0.730740 | 0.658561 | 197 | 199 | 26.404336 | 1% |
| 103 | Implicit | RGDPPC | Country | None | 0.557415 | 0.437824 | 261 | 287 | 2.712495 | 1% |
| 103 | Implicit | RGDPPC | Both | Country | 0.622837 | 0.557415 | 259 | 261 | 22.462832 | 1% |
| 104 | Implicit | RGDPPC | Country | None | 0.542967 | 0.432657 | 279 | 305 | 2.589991 | 1% |
| 104 | Implicit | RGDPPC | Both | Country | 0.597996 | 0.542967 | 277 | 279 | 18.958808 | 1% |
| 105 | Implicit | RGDPPC | Country | None | 0.656118 | 0.562326 | 200 | 226 | 2.098036 | 1% |
| 105 | Implicit | RGDPPC | Both | Country | 0.729513 | 0.656118 | 198 | 200 | 26.863047 | 1% |
| 106 | Implicit | RGDPPC | Country | None | 0.525008 | 0.378440 | 266 | 292 | 3.156902 | 1% |
| 106 | Implicit | RGDPPC | Both | Country | 0.605330 | 0.525008 | 264 | 266 | 26.864226 | 1% |
| 107 | Implicit | PRGDPPC | Country | None | 0.882462 | 0.738109 | 196 | 222 | 9.258279 | 1% |
| 107 | Implicit | PRGDPPC | Both | Country | 0.890333 | 0.882462 | 194 | 196 | 6.961866 | 1% |
| 108 | Implicit | PRGDPPC | Country | None | 0.880920 | 0.719946 | 197 | 223 | 10.242590 | 1% |
| 108 | Implicit | PRGDPPC | Both | Country | 0.888858 | 0.880920 | 195 | 197 | 6.963659 | 1% |
| 109 | Implicit | PRGDPPC | Country | None | 0.881617 | 0.737964 | 197 | 223 | 9.194291 | 1% |
| 109 | Implicit | PRGDPPC | Both | Country | 0.889802 | 0.881617 | 195 | 197 | 7.241851 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 110 | Implicit | PRGDPPC | Country | None | 0.757565 | 0.469528 | 263 | 289 | 12.018087 | 1% |
| 110 | Implicit | PRGDPPC | Both | Country | 0.766857 | 0.757565 | 261 | 263 | 5.201125 | 1% |
| 111 | Implicit | PRGDPPC | Country | None | 0.745942 | 0.403480 | 271 | 297 | 14.049972 | 1% |
| 111 | Implicit | PRGDPPC | Both | Country | 0.753119 | 0.745942 | 269 | 271 | 3.910007 | 5% |
| 112 | Implicit | PRGDPPC | Country | None | 0.880444 | 0.718833 | 198 | 224 | 10.294171 | 1% |
| 112 | Implicit | PRGDPPC | Both | Country | 0.888669 | 0.880444 | 196 | 198 | 7.240122 | 1% |
| 113 | Implicit | PRGDPPC | Country | None | 0.751720 | 0.458186 | 268 | 294 | 12.186476 | 1% |
| 113 | Implicit | PRGDPPC | Both | Country | 0.760813 | 0.751720 | 266 | 268 | 5.056165 | 1% |
| 114 | Implicit | PRGDPPC | Country | None | 0.884822 | 0.785326 | 186 | 212 | 6.179818 | 1% |
| 114 | Implicit | PRGDPPC | Both | Country | 0.892574 | 0.884822 | 184 | 186 | 6.638840 | 1% |
| 115 | Implicit | PRGDPPC | Country | None | 0.883659 | 0.779509 | 187 | 213 | 6.438649 | 1% |
| 115 | Implicit | PRGDPPC | Both | Country | 0.890782 | 0.883659 | 185 | 187 | 6.032682 | 1% |
| 116 | Implicit | PRGDPPC | Country | None | 0.883946 | 0.785021 | 187 | 213 | 6.130758 | 1% |
| 116 | Implicit | PRGDPPC | Both | Country | 0.892222 | 0.883946 | 185 | 187 | 7.102841 | 1% |
| 117 | Implicit | PRGDPPC | Country | None | 0.783412 | 0.613661 | 246 | 272 | 7.415488 | 1% |
| 117 | Implicit | PRGDPPC | Both | Country | 0.795942 | 0.783412 | 244 | 246 | 7.491301 | 1% |
| 118 | Implicit | PRGDPPC | Country | None | 0.767701 | 0.594255 | 254 | 280 | 7.294194 | 1% |
| 118 | Implicit | PRGDPPC | Both | Country | 0.776560 | 0.767701 | 252 | 254 | 4.995677 | 1% |
| 119 | Implicit | PRGDPPC | Country | None | 0.882534 | 0.778936 | 188 | 214 | 6.377107 | 1% |
| 119 | Implicit | PRGDPPC | Both | Country | 0.890271 | 0.882534 | 186 | 188 | 6.557437 | 1% |
| 120 | Implicit | PRGDPPC | Country | None | 0.771817 | 0.579299 | 251 | 277 | 8.144950 | 1% |
| 120 | Implicit | PRGDPPC | Both | Country | 0.783197 | 0.771817 | 249 | 251 | 6.535011 | 1% |
| 121 | Income | RGDPPC | Country | None | 0.517761 | 0.377097 | 291 | 317 | 3.264677 | 1% |
| 121 | Income | RGDPPC | Both | Country | 0.574579 | 0.517761 | 289 | 291 | 19.299003 | 1% |
| 122 | Income | RGDPPC | Country | None | 0.504034 | 0.340613 | 292 | 318 | 3.700543 | 1% |
| 122 | Income | RGDPPC | Both | Country | 0.564917 | 0.504034 | 290 | 292 | 20.290462 | 1% |
| 123 | Income | RGDPPC | Country | None | 0.511413 | 0.342459 | 292 | 318 | 3.883614 | 1% |
| 123 | Income | RGDPPC | Both | Country | 0.569358 | 0.511413 | 290 | 292 | 19.510463 | 1% |
| 124 | Income | RGDPPC | Country | None | 0.537491 | 0.426325 | 274 | 300 | 2.532964 | 1% |
| 124 | Income | RGDPPC | Both | Country | 0.588245 | 0.537491 | 272 | 274 | 16.763716 | 1% |
| 125 | Income | RGDPPC | Country | None | 0.524167 | 0.417900 | 275 | 301 | 2.362127 | 1% |
| 125 | Income | RGDPPC | Both | Country | 0.580207 | 0.524167 | 273 | 275 | 18.221981 | 1% |
| 126 | Income | RGDPPC | Country | None | 0.531595 | 0.395626 | 275 | 301 | 3.070278 | 1% |
| 126 | Income | RGDPPC | Both | Country | 0.583623 | 0.531595 | 273 | 275 | 17.056230 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 127 | Income | PRGDPPC | Country | None | 0.764048 | 0.491544 | 275 | 301 | 12.215425 | 1% |
| 127 | Income | PRGDPPC | Both | Country | 0.772934 | 0.764048 | 273 | 275 | 5.341790 | 1% |
| 128 | Income | PRGDPPC | Country | None | 0.739731 | 0.460059 | 276 | 302 | 11.406759 | 1% |
| 128 | Income | PRGDPPC | Both | Country | 0.747871 | 0.739731 | 274 | 276 | 4.423053 | 5% |
| 129 | Income | PRGDPPC | Country | None | 0.762603 | 0.472255 | 276 | 302 | 12.983128 | 1% |
| 129 | Income | PRGDPPC | Both | Country | 0.771829 | 0.762603 | 274 | 276 | 5.539538 | 1% |
| 130 | Income | PRGDPPC | Country | None | 0.779841 | 0.578185 | 258 | 284 | 9.089104 | 1% |
| 130 | Income | PRGDPPC | Both | Country | 0.789216 | 0.779841 | 256 | 258 | 5.693032 | 1% |
| 131 | Income | PRGDPPC | Country | None | 0.759822 | 0.577967 | 259 | 285 | 7.542554 | 1% |
| 131 | Income | PRGDPPC | Both | Country | 0.769914 | 0.759822 | 257 | 259 | 5.636249 | 1% |
| 132 | Income | PRGDPPC | Country | None | 0.778895 | 0.562010 | 259 | 285 | 9.771413 | 1% |
| 132 | Income | PRGDPPC | Both | Country | 0.788112 | 0.778895 | 257 | 259 | 5.589672 | 1% |
| 133 | Structural | RGDPPC | Country | None | 0.538869 | 0.376879 | 290 | 316 | 3.918217 | 1% |
| 133 | Structural | RGDPPC | Both | Country | 0.597484 | 0.538869 | 288 | 290 | 20.969502 | 1% |
| 134 | Structural | RGDPPC | Country | None | 0.508523 | 0.329252 | 290 | 316 | 4.068474 | 1% |
| 134 | Structural | RGDPPC | Both | Country | 0.585257 | 0.508523 | 288 | 290 | 26.642272 | 1% |
| 135 | Structural | RGDPPC | Country | None | 0.538463 | 0.378289 | 290 | 316 | 3.870884 | 1% |
| 135 | Structural | RGDPPC | Both | Country | 0.599285 | 0.538463 | 288 | 290 | 21.856851 | 1% |
| 136 | Structural | RGDPPC | Country | None | 0.563971 | 0.442217 | 274 | 300 | 2.942694 | 1% |
| 136 | Structural | RGDPPC | Both | Country | 0.616244 | 0.563971 | 272 | 274 | 18.525125 | 1% |
| 137 | Structural | RGDPPC | Country | None | 0.540927 | 0.410804 | 274 | 300 | 2.987098 | 1% |
| 137 | Structural | RGDPPC | Both | Country | 0.616477 | 0.540927 | 272 | 274 | 26.790571 | 1% |
| 138 | Structural | RGDPPC | Country | None | 0.562402 | 0.457519 | 274 | 300 | 2.525847 | 1% |
| 138 | Structural | RGDPPC | Both | Country | 0.621735 | 0.562402 | 272 | 274 | 21.332368 | 1% |
| 139 | Structural | RGDPPC | Country | None | 0.534000 | 0.332848 | 290 | 316 | 4.814632 | 1% |
| 139 | Structural | RGDPPC | Both | Country | 0.596638 | 0.534000 | 288 | 290 | 22.361730 | 1% |
| 140 | Structural | RGDPPC | Country | None | 0.534663 | 0.333036 | 289 | 315 | 4.816212 | 1% |
| 140 | Structural | RGDPPC | Both | Country | 0.597608 | 0.534663 | 287 | 289 | 22.447284 | 1% |
| 141 | Structural | RGDPPC | Country | None | 0.553150 | 0.400318 | 274 | 300 | 3.604373 | 1% |
| 141 | Structural | RGDPPC | Both | Country | 0.616275 | 0.553150 | 272 | 274 | 22.372793 | 1% |
| 142 | Structural | RGDPPC | Country | None | 0.553195 | 0.402752 | 273 | 299 | 3.535438 | 1% |
| 142 | Structural | RGDPPC | Both | Country | 0.616382 | 0.553195 | 271 | 273 | 22.318657 | 1% |
| 143 | Structural | PRGDPPC | Country | None | 0.761847 | 0.505894 | 274 | 300 | 11.326126 | 1% |
| 143 | Structural | PRGDPPC | Both | Country | 0.771686 | 0.761847 | 272 | 274 | 5.860806 | 1% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 144 | Structural | PRGDPPC | Country | None | 0.753052 | 0.488155 | 274 | 300 | 11.304432 | 1% |
| 144 | Structural | PRGDPPC | Both | Country | 0.762695 | 0.753052 | 272 | 274 | 5.526424 | 1% |
| 145 | Structural | PRGDPPC | Country | None | 0.755275 | 0.505814 | 274 | 300 | 10.742405 | 1% |
| 145 | Structural | PRGDPPC | Both | Country | 0.763166 | 0.755275 | 272 | 274 | 4.531343 | 5% |
| 146 | Structural | PRGDPPC | Country | None | 0.785817 | 0.592767 | 258 | 284 | 8.943987 | 1% |
| 146 | Structural | PRGDPPC | Both | Country | 0.791853 | 0.785817 | 256 | 258 | 3.711838 | 5% |
| 147 | Structural | PRGDPPC | Country | None | 0.786805 | 0.580059 | 258 | 284 | 9.622911 | 1% |
| 147 | Structural | PRGDPPC | Both | Country | 0.793354 | 0.786805 | 256 | 258 | 4.056560 | 5% |
| 148 | Structural | PRGDPPC | Country | None | 0.777259 | 0.595948 | 258 | 284 | 8.077377 | 1% |
| 148 | Structural | PRGDPPC | Both | Country | 0.783510 | 0.777259 | 256 | 258 | 3.695912 | 5% |
| 149 | Structural | PRGDPPC | Country | None | 0.768904 | 0.494409 | 274 | 300 | 12.517547 | 1% |
| 149 | Structural | PRGDPPC | Both | Country | 0.774462 | 0.768904 | 272 | 274 | 3.351488 | 5% |
| 150 | Structural | PRGDPPC | Country | None | 0.773341 | 0.497597 | 273 | 299 | 12.773867 | 1% |
| 150 | Structural | PRGDPPC | Both | Country | 0.779902 | 0.773341 | 271 | 273 | 4.039180 | 5% |
| 151 | Structural | PRGDPPC | Country | None | 0.785341 | 0.582735 | 258 | 284 | 9.365901 | 1% |
| 151 | Structural | PRGDPPC | Both | Country | 0.794385 | 0.785341 | 256 | 258 | 5.630095 | 1% |
| 152 | Structural | PRGDPPC | Country | None | 0.787416 | 0.594512 | 257 | 283 | 8.969545 | 1% |
| 152 | Structural | PRGDPPC | Both | Country | 0.797978 | 0.787416 | 255 | 257 | 6.665883 | 1% |

# Appendix C

# REGRESSIONS

## C.1 Cross-Sectional Regressions (1995-2007) with the Real GDP per Capita Growth Rate as the Dependent Variable

### C.1.1 Non-Tax Variables

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:25
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.047983 | 0.025923 | 1.851012 | 0.0776 |
| ILPPSRGDPPC | -0.023737 | 0.006220 | -3.816098 | 0.0009 |
| GFI | 0.117605 | 0.070571 | 1.666472 | 0.1098 |
| STEA | 0.032717 | 0.013750 | 2.379454 | 0.0264 |
| LDP | 0.677710 | 0.548908 | 1.234652 | 0.2300 |

| | | | |
|---|---|---|---|
| R-squared | 0.685434 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.628240 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010759 | Akaike info criterion | -6.060574 |
| Sum squared resid | 0.002547 | Schwarz criterion | -5.820604 |
| Log likelihood | 86.81774 | F-statistic | 11.98442 |
| Durbin-Watson stat | 1.289105 | Prob(F-statistic) | 0.000025 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:28
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.078726 | 0.026131 | 3.012749 | 0.0078 |
| ILPPSRGDPPC | -0.019751 | 0.008648 | -2.283818 | 0.0355 |
| GFI | 0.105936 | 0.062114 | 1.705494 | 0.1063 |
| STEA | 0.025059 | 0.013022 | 1.924410 | 0.0712 |
| LDP | 0.161935 | 0.547713 | 0.295656 | 0.7711 |
| TE | -0.064011 | 0.048695 | -1.314507 | 0.2061 |
| NL | 0.187770 | 0.092258 | 2.035274 | 0.0577 |
| FDII | 0.003153 | 0.078470 | 0.040180 | 0.9684 |

| | | | |
|---|---|---|---|
| R-squared | 0.822099 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.748846 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009049 | Akaike info criterion | -6.317963 |
| Sum squared resid | 0.001392 | Schwarz criterion | -5.927922 |
| Log likelihood | 86.97453 | F-statistic | 11.22272 |
| Durbin-Watson stat | 1.210221 | Prob(F-statistic) | 0.000028 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:29
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.079263 | 0.022236 | 3.564542 | 0.0019 |
| ILPPSRGDPPC | -0.017479 | 0.006854 | -2.550067 | 0.0191 |
| GFI | 0.107929 | 0.058160 | 1.855724 | 0.0783 |
| STEA | 0.026016 | 0.012097 | 2.150729 | 0.0439 |
| LDP | 0.121447 | 0.481534 | 0.252208 | 0.8035 |
| TE | -0.079347 | 0.041540 | -1.910140 | 0.0706 |
| NL | 0.197846 | 0.083709 | 2.363484 | 0.0283 |

| | | | |
|---|---|---|---|
| R-squared | 0.822031 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.768640 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.008488 | Akaike info criterion | -6.482008 |
| Sum squared resid | 0.001441 | Schwarz criterion | -6.146051 |
| Log likelihood | 94.50711 | F-statistic | 15.39650 |
| Durbin-Watson stat | 1.325366 | Prob(F-statistic) | 0.000001 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:29
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.070269 | 0.025834 | 2.720074 | 0.0140 |
| ILPPSRGDPPC | -0.027680 | 0.006322 | -4.378430 | 0.0004 |
| GFI | 0.124345 | 0.061727 | 2.014452 | 0.0592 |
| STEA | 0.019940 | 0.012675 | 1.573244 | 0.1331 |
| LDP | 0.468203 | 0.505609 | 0.926019 | 0.3667 |
| NL | 0.223418 | 0.089947 | 2.483868 | 0.0231 |
| FDII | 0.000556 | 0.080016 | 0.006950 | 0.9945 |

| | | | |
|---|---|---|---|
| R-squared | 0.804017 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.738690 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009230 | Akaike info criterion | -6.301160 |
| Sum squared resid | 0.001534 | Schwarz criterion | -5.959875 |
| Log likelihood | 85.76450 | F-statistic | 12.30746 |
| Durbin-Watson stat | 1.040459 | Prob(F-statistic) | 0.000016 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:30
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.071584 | 0.028064 | 2.550788 | 0.0201 |
| ILPPSRGDPPC | -0.014637 | 0.008968 | -1.632041 | 0.1200 |
| GFI | 0.080339 | 0.065924 | 1.218662 | 0.2387 |
| STEA | 0.035542 | 0.012962 | 2.742104 | 0.0134 |
| LDP | 0.069608 | 0.591559 | 0.117668 | 0.9076 |
| TE | -0.093143 | 0.050444 | -1.846478 | 0.0813 |
| FDII | 0.028410 | 0.083974 | 0.338323 | 0.7390 |

| | | | |
|---|---|---|---|
| R-squared | 0.778751 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.705001 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009807 | Akaike info criterion | -6.179898 |
| Sum squared resid | 0.001731 | Schwarz criterion | -5.838613 |
| Log likelihood | 84.24873 | F-statistic | 10.55938 |
| Durbin-Watson stat | 1.510905 | Prob(F-statistic) | 0.000045 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:30
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.074550 | 0.024446 | 3.049618 | 0.0061 |
| ILPPSRGDPPC | -0.011252 | 0.006985 | -1.611014 | 0.1221 |
| GFI | 0.080073 | 0.062865 | 1.273717 | 0.2167 |
| STEA | 0.038019 | 0.012119 | 3.137263 | 0.0050 |
| LDP | 0.030583 | 0.529823 | 0.057724 | 0.9545 |
| TE | -0.118840 | 0.041979 | -2.830960 | 0.0100 |

| | | | |
|---|---|---|---|
| R-squared | 0.772323 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.718115 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.009369 | Akaike info criterion | -6.309767 |
| Sum squared resid | 0.001843 | Schwarz criterion | -6.021803 |
| Log likelihood | 91.18185 | F-statistic | 14.24723 |
| Durbin-Watson stat | 1.590989 | Prob(F-statistic) | 0.000004 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:31
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.065927 | 0.022404 | 2.942650 | 0.0078 |
| ILPPSRGDPPC | -0.026490 | 0.005277 | -5.020049 | 0.0001 |
| GFI | 0.137990 | 0.059416 | 2.322413 | 0.0303 |
| STEA | 0.019147 | 0.012256 | 1.562217 | 0.1332 |
| LDP | 0.513146 | 0.462348 | 1.109869 | 0.2796 |
| NL | 0.262165 | 0.081328 | 3.223560 | 0.0041 |

| | | | |
|---|---|---|---|
| R-squared | 0.789564 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.739460 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.009007 | Akaike info criterion | -6.388509 |
| Sum squared resid | 0.001704 | Schwarz criterion | -6.100545 |
| Log likelihood | 92.24487 | F-statistic | 15.75852 |
| Durbin-Watson stat | 1.100299 | Prob(F-statistic) | 0.000002 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:31
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.055956 | 0.028403 | 1.970093 | 0.0636 |
| ILPPSRGDPPC | -0.025719 | 0.007074 | -3.635475 | 0.0018 |
| GFI | 0.101920 | 0.068871 | 1.479881 | 0.1553 |
| STEA | 0.030559 | 0.013457 | 2.270785 | 0.0350 |
| LDP | 0.529496 | 0.569580 | 0.929625 | 0.3642 |
| FDII | 0.031911 | 0.089117 | 0.358085 | 0.7242 |

| | | | |
|---|---|---|---|
| R-squared | 0.736843 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.667591 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.010411 | Akaike info criterion | -6.086436 |
| Sum squared resid | 0.002059 | Schwarz criterion | -5.793906 |
| Log likelihood | 82.08045 | F-statistic | 10.64005 |
| Durbin-Watson stat | 1.192082 | Prob(F-statistic) | 0.000055 |

### C.1.2 Implicit Tax Rate Variables

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:09
Sample: 1 27
Included observations: 19

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.098088 | 0.024910 | 3.937767 | 0.0023 |
| ILPPSRGDPPC | -0.024336 | 0.006771 | -3.594392 | 0.0042 |
| GFI | -0.033860 | 0.062731 | -0.539761 | 0.6001 |
| STEA | 0.028423 | 0.013566 | 2.095103 | 0.0601 |
| LDP | -0.785674 | 0.571857 | -1.373899 | 0.1968 |
| ITRC | 0.006795 | 0.047176 | 0.144045 | 0.8881 |
| ITRK | -0.001667 | 0.032952 | -0.050584 | 0.9606 |
| ITRL | -0.034994 | 0.037044 | -0.944676 | 0.3651 |

| | | | |
|---|---|---|---|
| R-squared | 0.905384 | Mean dependent var | 0.032635 |
| Adjusted R-squared | 0.845174 | S.D. dependent var | 0.017822 |
| S.E. of regression | 0.007012 | Akaike info criterion | -6.786700 |
| Sum squared resid | 0.000541 | Schwarz criterion | -6.389042 |
| Log likelihood | 72.47365 | F-statistic | 15.03704 |
| Durbin-Watson stat | 0.830835 | Prob(F-statistic) | 0.000080 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:09
Sample: 1 27
Included observations: 19

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.100244 | 0.024693 | 4.059557 | 0.0016 |
| ILPPSRGDPPC | -0.027358 | 0.005941 | -4.605202 | 0.0006 |
| GFI | -0.038590 | 0.062250 | -0.619928 | 0.5469 |
| STEA | 0.023833 | 0.012610 | 1.890080 | 0.0831 |
| LDP | -0.512222 | 0.490968 | -1.043291 | 0.3174 |
| ITRC | -0.007801 | 0.044374 | -0.175810 | 0.8634 |
| ITRK | -0.001439 | 0.032804 | -0.043863 | 0.9657 |

| | | | |
|---|---|---|---|
| R-squared | 0.897708 | Mean dependent var | 0.032635 |
| Adjusted R-squared | 0.846562 | S.D. dependent var | 0.017822 |
| S.E. of regression | 0.006981 | Akaike info criterion | -6.813958 |
| Sum squared resid | 0.000585 | Schwarz criterion | -6.466007 |
| Log likelihood | 71.73260 | F-statistic | 17.55185 |
| Durbin-Watson stat | 0.978820 | Prob(F-statistic) | 0.000027 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:41
Sample: 1 27
Included observations: 19

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.098052 | 0.023870 | 4.107695 | 0.0015 |
| ILPPSRGDPPC | -0.024277 | 0.006477 | -3.748429 | 0.0028 |
| GFI | -0.033289 | 0.059997 | -0.554842 | 0.5892 |
| STEA | 0.028824 | 0.012724 | 2.265425 | 0.0428 |
| LDP | -0.785727 | 0.548028 | -1.433736 | 0.1772 |
| ITRK | -0.000438 | 0.030503 | -0.014368 | 0.9888 |
| ITRL | -0.033247 | 0.033542 | -0.991196 | 0.3412 |

| | | | |
|---|---|---|---|
| R-squared | 0.905205 | Mean dependent var | 0.032635 |
| Adjusted R-squared | 0.857808 | S.D. dependent var | 0.017822 |
| S.E. of regression | 0.006720 | Akaike info criterion | -6.890079 |
| Sum squared resid | 0.000542 | Schwarz criterion | -6.542128 |
| Log likelihood | 72.45575 | F-statistic | 19.09826 |
| Durbin-Watson stat | 0.877268 | Prob(F-statistic) | 0.000017 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:09
Sample: 1 27
Included observations: 23

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.046123 | 0.026785 | 1.721948 | 0.1044 |
| ILPPSRGDPPC | -0.014052 | 0.008705 | -1.614154 | 0.1260 |
| GFI | 0.106121 | 0.071311 | 1.488140 | 0.1562 |
| STEA | 0.038166 | 0.016591 | 2.300471 | 0.0352 |
| LDP | -0.642922 | 0.800703 | -0.802947 | 0.4338 |
| ITRC | 0.016490 | 0.065941 | 0.250074 | 0.8057 |
| ITRL | -0.073920 | 0.051571 | -1.433371 | 0.1710 |

| | | | |
|---|---|---|---|
| R-squared | 0.779994 | Mean dependent var | 0.034519 |
| Adjusted R-squared | 0.697492 | S.D. dependent var | 0.018547 |
| S.E. of regression | 0.010201 | Akaike info criterion | -6.086881 |
| Sum squared resid | 0.001665 | Schwarz criterion | -5.741296 |
| Log likelihood | 76.99913 | F-statistic | 9.454242 |
| Durbin-Watson stat | 1.540192 | Prob(F-statistic) | 0.000160 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:09
Sample: 1 27
Included observations: 26

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.047003 | 0.026810 | 1.753202 | 0.0949 |
| ILPPSRGDPPC | -0.026027 | 0.006989 | -3.724063 | 0.0013 |
| GFI | 0.117029 | 0.072712 | 1.609481 | 0.1232 |
| STEA | 0.027444 | 0.015813 | 1.735556 | 0.0980 |
| LDP | 0.694657 | 0.565930 | 1.227461 | 0.2339 |
| ITRC | 0.050063 | 0.060078 | 0.833311 | 0.4145 |

| | | | |
|---|---|---|---|
| R-squared | 0.696135 | Mean dependent var | 0.035164 |
| Adjusted R-squared | 0.620169 | S.D. dependent var | 0.017985 |
| S.E. of regression | 0.011085 | Akaike info criterion | -5.967363 |
| Sum squared resid | 0.002457 | Schwarz criterion | -5.677033 |
| Log likelihood | 83.57572 | F-statistic | 9.163739 |
| Durbin-Watson stat | 1.197414 | Prob(F-statistic) | 0.000117 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/11/14 Time: 02:10
Sample: 1 27
Included observations: 19

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.100429 | 0.023734 | 4.231480 | 0.0010 |
| ILPPSRGDPPC | -0.027627 | 0.005521 | -5.003668 | 0.0002 |
| GFI | -0.039628 | 0.059614 | -0.664744 | 0.5178 |
| STEA | 0.023022 | 0.011289 | 2.039265 | 0.0623 |
| LDP | -0.494592 | 0.462356 | -1.069720 | 0.3042 |
| ITRK | -0.003004 | 0.030373 | -0.098910 | 0.9227 |

| | | | |
|---|---|---|---|
| R-squared | 0.897444 | Mean dependent var | 0.032635 |
| Adjusted R-squared | 0.858000 | S.D. dependent var | 0.017822 |
| S.E. of regression | 0.006716 | Akaike info criterion | -6.916649 |
| Sum squared resid | 0.000586 | Schwarz criterion | -6.618405 |
| Log likelihood | 71.70816 | F-statistic | 22.75210 |
| Durbin-Watson stat | 0.929746 | Prob(F-statistic) | 0.000005 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:42
Sample: 1 27
Included observations: 23

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.046789 | 0.025907 | 1.806015 | 0.0887 |
| ILPPSRGDPPC | -0.013696 | 0.008348 | -1.640604 | 0.1192 |
| GFI | 0.105953 | 0.069314 | 1.528593 | 0.1448 |
| STEA | 0.038839 | 0.015913 | 2.440642 | 0.0259 |
| LDP | -0.633445 | 0.777440 | -0.814783 | 0.4265 |
| ITRL | -0.069717 | 0.047392 | -1.471078 | 0.1595 |

| | | | |
|---|---|---|---|
| R-squared | 0.779135 | Mean dependent var | 0.034519 |
| Adjusted R-squared | 0.714174 | S.D. dependent var | 0.018547 |
| S.E. of regression | 0.009916 | Akaike info criterion | -6.169937 |
| Sum squared resid | 0.001671 | Schwarz criterion | -5.873721 |
| Log likelihood | 76.95427 | F-statistic | 11.99399 |
| Durbin-Watson stat | 1.563869 | Prob(F-statistic) | 0.000044 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample (adjusted): 3 27
Included observations: 18 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.117143 | 0.022975 | 5.098670 | 0.0014 |
| ILPPSRGDPPC | -0.026320 | 0.005237 | -5.025650 | 0.0015 |
| GFI | 0.030021 | 0.053123 | 0.565123 | 0.5896 |
| STEA | 0.013109 | 0.011821 | 1.108956 | 0.3041 |
| LDP | -0.397399 | 0.530442 | -0.749184 | 0.4782 |
| ITRC | -0.026299 | 0.070682 | -0.372079 | 0.7208 |
| ITRK | -0.001828 | 0.024917 | -0.073366 | 0.9436 |
| ITRL | 0.021345 | 0.055936 | 0.381600 | 0.7141 |
| TE | -0.057159 | 0.092503 | -0.617912 | 0.5562 |
| NL | 0.271006 | 0.096406 | 2.811097 | 0.0261 |
| FDII | 0.065336 | 0.078709 | 0.830090 | 0.4339 |

| | | | |
|---|---|---|---|
| R-squared | 0.969595 | Mean dependent var | 0.033382 |
| Adjusted R-squared | 0.926158 | S.D. dependent var | 0.018029 |
| S.E. of regression | 0.004899 | Akaike info criterion | -7.521693 |
| Sum squared resid | 0.000168 | Schwarz criterion | -6.977577 |
| Log likelihood | 78.69524 | F-statistic | 22.32223 |
| Durbin-Watson stat | 0.851470 | Prob(F-statistic) | 0.000224 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample (adjusted): 3 27
Included observations: 18 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.112304 | 0.018107 | 6.202105 | 0.0003 |
| ILPPSRGDPPC | -0.026365 | 0.004948 | -5.328118 | 0.0007 |
| GFI | 0.036659 | 0.047439 | 0.772778 | 0.4619 |
| STEA | 0.015508 | 0.009462 | 1.638913 | 0.1399 |
| LDP | -0.516438 | 0.405463 | -1.273701 | 0.2385 |
| ITRC | -0.041287 | 0.055539 | -0.743378 | 0.4785 |
| ITRK | -0.004703 | 0.022446 | -0.209534 | 0.8393 |
| TE | -0.027200 | 0.046233 | -0.588310 | 0.5726 |
| NL | 0.284041 | 0.085201 | 3.333781 | 0.0103 |
| FDII | 0.068015 | 0.074091 | 0.918001 | 0.3855 |

| | | | |
|---|---|---|---|
| R-squared | 0.968962 | Mean dependent var | 0.033382 |
| Adjusted R-squared | 0.934044 | S.D. dependent var | 0.018029 |
| S.E. of regression | 0.004630 | Akaike info criterion | -7.612215 |
| Sum squared resid | 0.000172 | Schwarz criterion | -7.117564 |
| Log likelihood | 78.50993 | F-statistic | 27.74992 |
| Durbin-Watson stat | 0.752822 | Prob(F-statistic) | 0.000043 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:04
Sample (adjusted): 3 27
Included observations: 18 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.121495 | 0.018679 | 6.504344 | 0.0002 |
| ILPPSRGDPPC | -0.025991 | 0.004876 | -5.330314 | 0.0007 |
| GFI | 0.021373 | 0.045124 | 0.473662 | 0.6484 |
| STEA | 0.012228 | 0.010940 | 1.117726 | 0.2961 |
| LDP | -0.311778 | 0.451460 | -0.690599 | 0.5094 |
| ITRK | -0.000367 | 0.023243 | -0.015800 | 0.9878 |
| ITRL | 0.032910 | 0.043930 | 0.749138 | 0.4752 |
| TE | -0.085524 | 0.049490 | -1.728129 | 0.1222 |
| NL | 0.247155 | 0.068020 | 3.633569 | 0.0067 |
| FDII | 0.052806 | 0.067202 | 0.785783 | 0.4546 |

| | | | |
|---|---|---|---|
| R-squared | 0.968993 | Mean dependent var | 0.033382 |
| Adjusted R-squared | 0.934111 | S.D. dependent var | 0.018029 |
| S.E. of regression | 0.004628 | Akaike info criterion | -7.613220 |
| Sum squared resid | 0.000171 | Schwarz criterion | -7.118569 |
| Log likelihood | 78.51898 | F-statistic | 27.77871 |
| Durbin-Watson stat | 0.974329 | Prob(F-statistic) | 0.000043 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample (adjusted): 2 27
Included observations: 21 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.107919 | 0.036916 | 2.923384 | 0.0139 |
| ILPPSRGDPPC | -0.021775 | 0.008335 | -2.612477 | 0.0242 |
| GFI | 0.065710 | 0.073709 | 0.891475 | 0.3918 |
| STEA | 0.013664 | 0.017126 | 0.797863 | 0.4418 |
| LDP | 0.179602 | 0.776844 | 0.231194 | 0.8214 |
| ITRC | 0.055801 | 0.103434 | 0.539486 | 0.6003 |
| ITRL | 0.046259 | 0.085259 | 0.542569 | 0.5982 |
| TE | -0.139591 | 0.134706 | -1.036259 | 0.3223 |
| NL | 0.143124 | 0.122859 | 1.164946 | 0.2687 |
| FDII | -0.036055 | 0.083783 | -0.430346 | 0.6753 |

| | | | |
|---|---|---|---|
| R-squared | 0.904168 | Mean dependent var | 0.035336 |
| Adjusted R-squared | 0.825760 | S.D. dependent var | 0.019125 |
| S.E. of regression | 0.007983 | Akaike info criterion | -6.517219 |
| Sum squared resid | 0.000701 | Schwarz criterion | -6.019828 |
| Log likelihood | 78.43080 | F-statistic | 11.53156 |
| Durbin-Watson stat | 0.838407 | Prob(F-statistic) | 0.000202 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample (adjusted): 2 27
Included observations: 24 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.089494 | 0.025970 | 3.446064 | 0.0036 |
| ILPPSRGDPPC | -0.016674 | 0.008118 | -2.053965 | 0.0578 |
| GFI | 0.073768 | 0.060803 | 1.213224 | 0.2438 |
| STEA | 0.021212 | 0.012258 | 1.730458 | 0.1041 |
| LDP | -0.103799 | 0.520467 | -0.199434 | 0.8446 |
| ITRC | 0.127988 | 0.070282 | 1.821062 | 0.0886 |
| TE | -0.145918 | 0.063308 | -2.304905 | 0.0359 |
| NL | 0.098659 | 0.107189 | 0.920414 | 0.3719 |
| FDII | -0.019524 | 0.082828 | -0.235721 | 0.8168 |

| | | | |
|---|---|---|---|
| R-squared | 0.865584 | Mean dependent var | 0.035934 |
| Adjusted R-squared | 0.793895 | S.D. dependent var | 0.018429 |
| S.E. of regression | 0.008366 | Akaike info criterion | -6.449189 |
| Sum squared resid | 0.001050 | Schwarz criterion | -6.007419 |
| Log likelihood | 86.39027 | F-statistic | 12.07418 |
| Durbin-Watson stat | 1.171713 | Prob(F-statistic) | 0.000028 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:04
Sample (adjusted): 3 27
Included observations: 18 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.116236 | 0.016882 | 6.885145 | 0.0001 |
| ILPPSRGDPPC | -0.025673 | 0.004738 | -5.418964 | 0.0004 |
| GFI | 0.025187 | 0.043729 | 0.575986 | 0.5787 |
| STEA | 0.016458 | 0.009139 | 1.800783 | 0.1053 |
| LDP | -0.468458 | 0.390217 | -1.200509 | 0.2606 |
| ITRK | -0.004924 | 0.021879 | -0.225029 | 0.8270 |
| TE | -0.054757 | 0.026932 | -2.033198 | 0.0726 |
| NL | 0.245914 | 0.066321 | 3.707912 | 0.0049 |
| FDII | 0.042857 | 0.064250 | 0.667027 | 0.5215 |

| | | | |
|---|---|---|---|
| R-squared | 0.966818 | Mean dependent var | 0.033382 |
| Adjusted R-squared | 0.937323 | S.D. dependent var | 0.018029 |
| S.E. of regression | 0.004514 | Akaike info criterion | -7.656531 |
| Sum squared resid | 0.000183 | Schwarz criterion | -7.211345 |
| Log likelihood | 77.90878 | F-statistic | 32.77903 |
| Durbin-Watson stat | 0.891570 | Prob(F-statistic) | 0.000009 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:04
Sample (adjusted): 2 27
Included observations: 21 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.096693 | 0.029578 | 3.269093 | 0.0067 |
| ILPPSRGDPPC | -0.022556 | 0.007962 | -2.832826 | 0.0151 |
| GFI | 0.086452 | 0.061001 | 1.417229 | 0.1819 |
| STEA | 0.017659 | 0.014980 | 1.178870 | 0.2613 |
| LDP | 0.036393 | 0.708189 | 0.051389 | 0.9599 |
| ITRL | 0.021352 | 0.069528 | 0.307096 | 0.7640 |
| TE | -0.079742 | 0.074121 | -1.075830 | 0.3032 |
| NL | 0.184675 | 0.092849 | 1.988977 | 0.0700 |
| FDII | -0.025014 | 0.078808 | -0.317407 | 0.7564 |

| | | | |
|---|---|---|---|
| R-squared | 0.901632 | Mean dependent var | 0.035336 |
| Adjusted R-squared | 0.836054 | S.D. dependent var | 0.019125 |
| S.E. of regression | 0.007744 | Akaike info criterion | -6.586343 |
| Sum squared resid | 0.000720 | Schwarz criterion | -6.138690 |
| Log likelihood | 78.15660 | F-statistic | 13.74891 |
| Durbin-Watson stat | 0.679268 | Prob(F-statistic) | 0.000058 |

### C.1.3 Top Income Tax Rate Variables

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:58
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.062568 | 0.023414 | 2.672261 | 0.0146 |
| ILPPSRGDPPC | -0.004761 | 0.008561 | -0.556109 | 0.5843 |
| GFI | 0.090624 | 0.066246 | 1.367995 | 0.1865 |
| STEA | 0.025287 | 0.014061 | 1.798334 | 0.0872 |
| LDP | -0.040530 | 0.568342 | -0.071313 | 0.9439 |
| TCITR | -0.081421 | 0.041765 | -1.949506 | 0.0654 |
| TPITR | -0.061654 | 0.031325 | -1.968220 | 0.0631 |

| | | | |
|---|---|---|---|
| R-squared | 0.777971 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.711362 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.009480 | Akaike info criterion | -6.260809 |
| Sum squared resid | 0.001797 | Schwarz criterion | -5.924851 |
| Log likelihood | 91.52092 | F-statistic | 11.67969 |
| Durbin-Watson stat | 1.762365 | Prob(F-statistic) | 0.000012 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:59
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.054387 | 0.024568 | 2.213730 | 0.0380 |
| ILPPSRGDPPC | -0.013244 | 0.007887 | -1.679258 | 0.1079 |
| GFI | 0.133175 | 0.066766 | 1.994659 | 0.0592 |
| STEA | 0.019154 | 0.014620 | 1.310149 | 0.2043 |
| LDP | 0.055815 | 0.603733 | 0.092450 | 0.9272 |
| TCITR | -0.087940 | 0.044391 | -1.981045 | 0.0608 |

| | | | |
|---|---|---|---|
| R-squared | 0.734965 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.671861 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010108 | Akaike info criterion | -6.157830 |
| Sum squared resid | 0.002146 | Schwarz criterion | -5.869866 |
| Log likelihood | 89.13070 | F-statistic | 11.64695 |
| Durbin-Watson stat | 1.591773 | Prob(F-statistic) | 0.000018 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:59
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.057318 | 0.024761 | 2.314894 | 0.0308 |
| ILPPSRGDPPC | -0.013748 | 0.007680 | -1.790150 | 0.0879 |
| GFI | 0.072955 | 0.069862 | 1.044286 | 0.3082 |
| STEA | 0.038247 | 0.013191 | 2.899465 | 0.0086 |
| LDP | 0.524071 | 0.520604 | 1.006660 | 0.3256 |
| TPITR | -0.066497 | 0.033243 | -2.000329 | 0.0586 |

| | | | |
|---|---|---|---|
| R-squared | 0.735779 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.672869 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010093 | Akaike info criterion | -6.160906 |
| Sum squared resid | 0.002139 | Schwarz criterion | -5.872942 |
| Log likelihood | 89.17223 | F-statistic | 11.69576 |
| Durbin-Watson stat | 1.733977 | Prob(F-statistic) | 0.000017 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:01
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.089307 | 0.024918 | 3.583957 | 0.0027 |
| ILPPSRGDPPC | -0.009957 | 0.009854 | -1.010474 | 0.3283 |
| GFI | 0.095395 | 0.059506 | 1.603108 | 0.1298 |
| STEA | 0.019222 | 0.012864 | 1.494339 | 0.1558 |
| LDP | -0.029549 | 0.648065 | -0.045595 | 0.9642 |
| TCITR | -0.060396 | 0.041791 | -1.445184 | 0.1690 |
| TPITR | -0.057036 | 0.050817 | -1.122379 | 0.2793 |
| TE | -0.025486 | 0.068030 | -0.374633 | 0.7132 |
| NL | 0.215432 | 0.112432 | 1.916105 | 0.0746 |
| FDII | -0.054409 | 0.080433 | -0.676449 | 0.5091 |

| | | | |
|---|---|---|---|
| R-squared | 0.863136 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.781017 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.008450 | Akaike info criterion | -6.420197 |
| Sum squared resid | 0.001071 | Schwarz criterion | -5.932646 |
| Log likelihood | 90.25246 | F-statistic | 10.51084 |
| Durbin-Watson stat | 1.548653 | Prob(F-statistic) | 0.000052 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 18:54
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.087127 | 0.025043 | 3.479034 | 0.0031 |
| ILPPSRGDPPC | -0.009607 | 0.009928 | -0.967644 | 0.3476 |
| GFI | 0.110098 | 0.058515 | 1.881527 | 0.0782 |
| STEA | 0.017838 | 0.012908 | 1.381984 | 0.1860 |
| LDP | -0.345076 | 0.588637 | -0.586229 | 0.5659 |
| TCITR | -0.072606 | 0.040677 | -1.784938 | 0.0932 |
| TE | -0.081254 | 0.046844 | -1.734551 | 0.1020 |
| NL | 0.140013 | 0.090871 | 1.540778 | 0.1429 |
| FDII | -0.020121 | 0.075007 | -0.268251 | 0.7919 |

| | | | |
|---|---|---|---|
| R-squared | 0.851641 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.777462 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.008518 | Akaike info criterion | -6.419555 |
| Sum squared resid | 0.001161 | Schwarz criterion | -5.980760 |
| Log likelihood | 89.24444 | F-statistic | 11.48085 |
| Durbin-Watson stat | 1.526507 | Prob(F-statistic) | 0.000025 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 18:53
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.083522 | 0.025418 | 3.285970 | 0.0047 |
| ILPPSRGDPPC | -0.017940 | 0.008432 | -2.127605 | 0.0493 |
| GFI | 0.087239 | 0.061220 | 1.425007 | 0.1734 |
| STEA | 0.025286 | 0.012567 | 2.012104 | 0.0614 |
| LDP | 0.469379 | 0.566804 | 0.828115 | 0.4198 |
| TPITR | -0.076153 | 0.050707 | -1.501816 | 0.1526 |
| TE | 0.006577 | 0.066463 | 0.098954 | 0.9224 |
| NL | 0.277744 | 0.107310 | 2.588246 | 0.0198 |
| FDII | -0.047853 | 0.082991 | -0.576598 | 0.5722 |

| | | | |
|---|---|---|---|
| R-squared | 0.844079 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.766118 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.008732 | Akaike info criterion | -6.369838 |
| Sum squared resid | 0.001220 | Schwarz criterion | -5.931042 |
| Log likelihood | 88.62297 | F-statistic | 10.82701 |
| Durbin-Watson stat | 1.301677 | Prob(F-statistic) | 0.000037 |

### C.1.4 Tax Structure Variables

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:22
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.036508 | 0.034226 | 1.066665 | 0.2995 |
| ILPPSRGDPPC | -0.010896 | 0.010380 | -1.049770 | 0.3070 |
| GFI | 0.100176 | 0.075019 | 1.335346 | 0.1975 |
| STEA | 0.044414 | 0.015838 | 2.804264 | 0.0113 |
| LDP | 0.161684 | 0.671813 | 0.240669 | 0.8124 |
| TT | -0.117060 | 0.071151 | -1.645236 | 0.1164 |
| CT | 0.134469 | 0.160663 | 0.836965 | 0.4130 |
| KT | 0.027303 | 0.160303 | 0.170321 | 0.8666 |

| | | | |
|---|---|---|---|
| R-squared | 0.724754 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.623347 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010830 | Akaike info criterion | -5.971879 |
| Sum squared resid | 0.002228 | Schwarz criterion | -5.587927 |
| Log likelihood | 88.62036 | F-statistic | 7.147017 |
| Durbin-Watson stat | 1.545076 | Prob(F-statistic) | 0.000296 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:23
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.085684 | 0.045098 | 1.899953 | 0.0727 |
| ILPPSRGDPPC | -0.017418 | 0.011020 | -1.580626 | 0.1305 |
| GFI | 0.065914 | 0.080109 | 0.822799 | 0.4208 |
| STEA | 0.039772 | 0.015906 | 2.500398 | 0.0217 |
| LDP | 0.539982 | 0.696674 | 0.775086 | 0.4478 |
| TT | -0.220872 | 0.160891 | -1.372805 | 0.1858 |
| KT | 0.075642 | 0.182261 | 0.415020 | 0.6828 |
| LT | 0.162501 | 0.181914 | 0.893288 | 0.3829 |

| | | | |
|---|---|---|---|
| R-squared | 0.726109 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.625201 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010803 | Akaike info criterion | -5.976813 |
| Sum squared resid | 0.002217 | Schwarz criterion | -5.592862 |
| Log likelihood | 88.68698 | F-statistic | 7.195798 |
| Durbin-Watson stat | 1.709719 | Prob(F-statistic) | 0.000284 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:23
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.067000 | 0.044861 | 1.493500 | 0.1517 |
| ILPPSRGDPPC | -0.012349 | 0.010224 | -1.207870 | 0.2419 |
| GFI | 0.069142 | 0.078753 | 0.877957 | 0.3909 |
| STEA | 0.040890 | 0.015708 | 2.603231 | 0.0175 |
| LDP | 0.476006 | 0.690155 | 0.689709 | 0.4987 |
| TT | -0.223253 | 0.142626 | -1.565303 | 0.1340 |
| CT | 0.134349 | 0.150355 | 0.893550 | 0.3827 |
| LT | 0.129475 | 0.149732 | 0.864712 | 0.3980 |

| | | | |
|---|---|---|---|
| R-squared | 0.734771 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.637056 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010631 | Akaike info criterion | -6.008953 |
| Sum squared resid | 0.002147 | Schwarz criterion | -5.625001 |
| Log likelihood | 89.12086 | F-statistic | 7.519474 |
| Durbin-Watson stat | 1.670455 | Prob(F-statistic) | 0.000215 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:36
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.059381 | 0.030926 | 1.920109 | 0.0741 |
| ILPPSRGDPPC | -0.014856 | 0.009593 | -1.548654 | 0.1423 |
| GFI | 0.113082 | 0.064405 | 1.755803 | 0.0995 |
| STEA | 0.031759 | 0.014265 | 2.226327 | 0.0417 |
| LDP | 0.046663 | 0.616482 | 0.075693 | 0.9407 |
| TT | -0.125700 | 0.068422 | -1.837138 | 0.0861 |
| CT | 0.168277 | 0.144656 | 1.163295 | 0.2629 |
| KT | 0.015532 | 0.146167 | 0.106264 | 0.9168 |
| NL | 0.257164 | 0.092390 | 2.783479 | 0.0139 |
| FDII | -0.029644 | 0.083246 | -0.356107 | 0.7267 |

| | | | |
|---|---|---|---|
| R-squared | 0.841436 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.746297 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009095 | Akaike info criterion | -6.273026 |
| Sum squared resid | 0.001241 | Schwarz criterion | -5.785476 |
| Log likelihood | 88.41282 | F-statistic | 8.844306 |
| Durbin-Watson stat | 1.084925 | Prob(F-statistic) | 0.000145 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:36
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.124391 | 0.042307 | 2.940196 | 0.0101 |
| ILPPSRGDPPC | -0.025094 | 0.010501 | -2.389771 | 0.0304 |
| GFI | 0.063020 | 0.068717 | 0.917103 | 0.3736 |
| STEA | 0.023172 | 0.014123 | 1.640667 | 0.1217 |
| LDP | 0.565020 | 0.650598 | 0.868462 | 0.3988 |
| TT | -0.262572 | 0.133350 | -1.969042 | 0.0677 |
| KT | 0.084809 | 0.157316 | 0.539102 | 0.5977 |
| LT | 0.234524 | 0.158557 | 1.479117 | 0.1598 |
| NL | 0.233110 | 0.090168 | 2.585295 | 0.0207 |
| FDII | -0.005354 | 0.078050 | -0.068599 | 0.9462 |

| | | | |
|---|---|---|---|
| R-squared | 0.849134 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.758615 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.008871 | Akaike info criterion | -6.322798 |
| Sum squared resid | 0.001181 | Schwarz criterion | -5.835248 |
| Log likelihood | 89.03497 | F-statistic | 9.380695 |
| Durbin-Watson stat | 1.366494 | Prob(F-statistic) | 0.000103 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:35
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.110714 | 0.039968 | 2.770061 | 0.0143 |
| ILPPSRGDPPC | -0.020909 | 0.009588 | -2.180846 | 0.0455 |
| GFI | 0.060181 | 0.064939 | 0.926726 | 0.3687 |
| STEA | 0.025725 | 0.013443 | 1.913666 | 0.0749 |
| LDP | 0.620284 | 0.608851 | 1.018776 | 0.3245 |
| TT | -0.290935 | 0.119162 | -2.441510 | 0.0275 |
| CT | 0.189857 | 0.130103 | 1.459285 | 0.1651 |
| LT | 0.216697 | 0.132498 | 1.635467 | 0.1228 |
| NL | 0.231383 | 0.084720 | 2.731159 | 0.0155 |
| FDII | -0.047212 | 0.077097 | -0.612377 | 0.5495 |

| | | | |
|---|---|---|---|
| R-squared | 0.865330 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.784528 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.008382 | Akaike info criterion | -6.436361 |
| Sum squared resid | 0.001054 | Schwarz criterion | -5.948810 |
| Log likelihood | 90.45451 | F-statistic | 10.70927 |
| Durbin-Watson stat | 1.261966 | Prob(F-statistic) | 0.000046 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:17
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.049537 | 0.028301 | 1.750377 | 0.0962 |
| ILPPSRGDPPC | -0.014557 | 0.010083 | -1.443690 | 0.1651 |
| GFI | 0.104610 | 0.078868 | 1.326396 | 0.2004 |
| STEA | 0.044678 | 0.016555 | 2.698838 | 0.0142 |
| LDP | 0.319901 | 0.631833 | 0.506306 | 0.6185 |
| TT | -0.092821 | 0.064719 | -1.434198 | 0.1678 |
| ET | 0.096171 | 0.388162 | 0.247760 | 0.8070 |
| PT | 0.115601 | 0.331019 | 0.349229 | 0.7308 |

| | | | |
|---|---|---|---|
| R-squared | 0.716824 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.612496 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.010984 | Akaike info criterion | -5.943476 |
| Sum squared resid | 0.002293 | Schwarz criterion | -5.559524 |
| Log likelihood | 88.23692 | F-statistic | 6.870865 |
| Durbin-Watson stat | 1.521238 | Prob(F-statistic) | 0.000379 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:17
Sample: 1 27
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.049355 | 0.029112 | 1.695340 | 0.1072 |
| ILPPSRGDPPC | -0.014053 | 0.011295 | -1.244131 | 0.2294 |
| GFI | 0.106164 | 0.082188 | 1.291716 | 0.2128 |
| STEA | 0.043196 | 0.021562 | 2.003351 | 0.0604 |
| LDP | 0.300487 | 0.671733 | 0.447331 | 0.6600 |
| TT | -0.092385 | 0.066584 | -1.387491 | 0.1822 |
| ET | 0.085920 | 0.409052 | 0.210047 | 0.8360 |
| RTIP | 0.138024 | 0.394848 | 0.349562 | 0.7307 |
| OPT | 0.040729 | 0.750814 | 0.054247 | 0.9573 |

| | | | |
|---|---|---|---|
| R-squared | 0.717020 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.591250 | S.D. dependent var | 0.017646 |
| S.E. of regression | 0.011282 | Akaike info criterion | -5.870093 |
| Sum squared resid | 0.002291 | Schwarz criterion | -5.438147 |
| Log likelihood | 88.24625 | F-statistic | 5.701078 |
| Durbin-Watson stat | 1.506406 | Prob(F-statistic) | 0.001064 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:18
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.070640 | 0.027510 | 2.567756 | 0.0214 |
| ILPPSRGDPPC | -0.019134 | 0.010221 | -1.871960 | 0.0808 |
| GFI | 0.119392 | 0.068333 | 1.747210 | 0.1010 |
| STEA | 0.030820 | 0.015074 | 2.044616 | 0.0589 |
| LDP | 0.163933 | 0.579966 | 0.282660 | 0.7813 |
| TT | -0.086638 | 0.061693 | -1.404341 | 0.1806 |
| ET | 0.091598 | 0.363417 | 0.252047 | 0.8044 |
| PT | 0.128736 | 0.303103 | 0.424729 | 0.6771 |
| NL | 0.244286 | 0.094550 | 2.583669 | 0.0208 |
| FDII | -0.000627 | 0.085756 | -0.007310 | 0.9943 |

| | | | |
|---|---|---|---|
| R-squared | 0.829352 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.726963 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009435 | Akaike info criterion | -6.199585 |
| Sum squared resid | 0.001335 | Schwarz criterion | -5.712035 |
| Log likelihood | 87.49481 | F-statistic | 8.100035 |
| Durbin-Watson stat | 1.181655 | Prob(F-statistic) | 0.000241 |

Dependent Variable: LDRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:19
Sample (adjusted): 2 27
Included observations: 25 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.070218 | 0.028374 | 2.474690 | 0.0267 |
| ILPPSRGDPPC | -0.018156 | 0.010889 | -1.667330 | 0.1177 |
| GFI | 0.123379 | 0.071313 | 1.730109 | 0.1056 |
| STEA | 0.026537 | 0.019693 | 1.347519 | 0.1992 |
| LDP | 0.119913 | 0.610468 | 0.196428 | 0.8471 |
| TT | -0.083780 | 0.064086 | -1.307308 | 0.2122 |
| ET | 0.077326 | 0.376667 | 0.205289 | 0.8403 |
| RTIP | 0.196488 | 0.366368 | 0.536314 | 0.6002 |
| OPT | -0.097076 | 0.710537 | -0.136623 | 0.8933 |
| NL | 0.237912 | 0.099085 | 2.401094 | 0.0308 |
| FDII | -0.000187 | 0.088380 | -0.002116 | 0.9983 |

| | | | |
|---|---|---|---|
| R-squared | 0.830865 | Mean dependent var | 0.035782 |
| Adjusted R-squared | 0.710054 | S.D. dependent var | 0.018057 |
| S.E. of regression | 0.009723 | Akaike info criterion | -6.128488 |
| Sum squared resid | 0.001323 | Schwarz criterion | -5.592183 |
| Log likelihood | 87.60610 | F-statistic | 6.877396 |
| Durbin-Watson stat | 1.100159 | Prob(F-statistic) | 0.000691 |

## C.2 Cross-Sectional Regressions (1995-2007) with the Potential Real GDP per Capita Growth Rate as the Dependent Variable

### C.2.1 Non-Tax Variables

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 05/06/14 Time: 16:18
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.067797 | 0.030595 | 2.215961 | 0.0510 |
| ILPPSRGDPPC | -0.020073 | 0.007136 | -2.813114 | 0.0184 |
| GFI | -0.055122 | 0.084679 | -0.650951 | 0.5298 |
| STEA | 0.022692 | 0.012570 | 1.805256 | 0.1012 |
| LDP | 2.249207 | 0.418416 | 5.375533 | 0.0003 |

| | | | |
|---|---|---|---|
| R-squared | 0.761397 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.665956 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005656 | Akaike info criterion | -7.250981 |
| Sum squared resid | 0.000320 | Schwarz criterion | -7.014964 |
| Log likelihood | 59.38236 | F-statistic | 7.977665 |
| Durbin-Watson stat | 2.068366 | Prob(F-statistic) | 0.003717 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.157531 | 0.039983 | 3.939963 | 0.0110 |
| ILPPSRGDPPC | -0.047719 | 0.012165 | -3.922581 | 0.0112 |
| GFI | -0.011156 | 0.072820 | -0.153197 | 0.8842 |
| STEA | 0.044260 | 0.014224 | 3.111611 | 0.0265 |
| LDP | 0.797665 | 0.653794 | 1.220056 | 0.2768 |
| TE | -0.059019 | 0.034687 | -1.701482 | 0.1496 |
| NL | -0.013762 | 0.095350 | -0.144326 | 0.8909 |
| FDII | 0.117682 | 0.099822 | 1.178923 | 0.2915 |

| | | | |
|---|---|---|---|
| R-squared | 0.915053 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.796126 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004621 | Akaike info criterion | -7.641307 |
| Sum squared resid | 0.000107 | Schwarz criterion | -7.293646 |
| Log likelihood | 57.66850 | F-statistic | 7.694286 |
| Durbin-Watson stat | 1.581352 | Prob(F-statistic) | 0.019554 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.101586 | 0.037927 | 2.678487 | 0.0280 |
| ILPPSRGDPPC | -0.020963 | 0.007247 | -2.892557 | 0.0201 |
| GFI | -0.049735 | 0.083682 | -0.594335 | 0.5687 |
| STEA | 0.026237 | 0.014442 | 1.816745 | 0.1068 |
| LDP | 1.448830 | 0.698103 | 2.075381 | 0.0716 |
| TE | -0.061480 | 0.041557 | -1.479388 | 0.1773 |
| NL | 0.070478 | 0.098441 | 0.715942 | 0.4944 |

| | | | |
|---|---|---|---|
| R-squared | 0.814831 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.675955 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005571 | Akaike info criterion | -7.237848 |
| Sum squared resid | 0.000248 | Schwarz criterion | -6.907424 |
| Log likelihood | 61.28386 | F-statistic | 5.867311 |
| Durbin-Watson stat | 2.307714 | Prob(F-statistic) | 0.012813 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.128577 | 0.041503 | 3.098011 | 0.0212 |
| ILPPSRGDPPC | -0.047648 | 0.013955 | -3.414509 | 0.0142 |
| GFI | -0.011480 | 0.083532 | -0.137428 | 0.8952 |
| STEA | 0.038582 | 0.015861 | 2.432489 | 0.0510 |
| LDP | 1.414215 | 0.624240 | 2.265499 | 0.0641 |
| NL | -0.054094 | 0.105942 | -0.510603 | 0.6279 |
| FDII | 0.130561 | 0.114176 | 1.143511 | 0.2964 |

| | | | |
|---|---|---|---|
| R-squared | 0.865867 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.731735 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.005300 | Akaike info criterion | -7.338357 |
| Sum squared resid | 0.000169 | Schwarz criterion | -7.034153 |
| Log likelihood | 54.69932 | F-statistic | 6.455313 |
| Durbin-Watson stat | 2.528139 | Prob(F-statistic) | 0.019538 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.158695 | 0.035823 | 4.429967 | 0.0044 |
| ILPPSRGDPPC | -0.047482 | 0.011027 | -4.306147 | 0.0051 |
| GFI | -0.012075 | 0.066358 | -0.181974 | 0.8616 |
| STEA | 0.043502 | 0.012094 | 3.597064 | 0.0114 |
| LDP | 0.774568 | 0.579877 | 1.335745 | 0.2301 |
| TE | -0.060264 | 0.030735 | -1.960793 | 0.0976 |
| FDII | 0.110596 | 0.079506 | 1.391045 | 0.2136 |

| | | | |
|---|---|---|---|
| R-squared | 0.914699 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.829398 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004227 | Akaike info criterion | -7.790996 |
| Sum squared resid | 0.000107 | Schwarz criterion | -7.486793 |
| Log likelihood | 57.64148 | F-statistic | 10.72316 |
| Durbin-Watson stat | 1.530532 | Prob(F-statistic) | 0.005440 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.090303 | 0.033550 | 2.691593 | 0.0247 |
| ILPPSRGDPPC | -0.019711 | 0.006840 | -2.881740 | 0.0181 |
| GFI | -0.054626 | 0.081113 | -0.673454 | 0.5176 |
| STEA | 0.029908 | 0.013130 | 2.277831 | 0.0487 |
| LDP | 1.752877 | 0.538858 | 3.252948 | 0.0100 |
| TE | -0.053812 | 0.039051 | -1.377980 | 0.2015 |

| | | | |
|---|---|---|---|
| R-squared | 0.802967 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.693505 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005418 | Akaike info criterion | -7.309079 |
| Sum squared resid | 0.000264 | Schwarz criterion | -7.025858 |
| Log likelihood | 60.81809 | F-statistic | 7.335541 |
| Durbin-Watson stat | 1.856258 | Prob(F-statistic) | 0.005320 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:35
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.071572 | 0.034094 | 2.099229 | 0.0652 |
| ILPPSRGDPPC | -0.020682 | 0.007708 | -2.683165 | 0.0251 |
| GFI | -0.052869 | 0.089008 | -0.593977 | 0.5672 |
| STEA | 0.020496 | 0.014801 | 1.384789 | 0.1995 |
| LDP | 2.140140 | 0.551823 | 3.878312 | 0.0037 |
| NL | 0.032945 | 0.101201 | 0.325541 | 0.7522 |

| | | | |
|---|---|---|---|
| R-squared | 0.764174 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.633160 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005927 | Akaike info criterion | -7.129354 |
| Sum squared resid | 0.000316 | Schwarz criterion | -6.846134 |
| Log likelihood | 59.47016 | F-statistic | 5.832750 |
| Durbin-Watson stat | 2.204492 | Prob(F-statistic) | 0.011276 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:36
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.130897 | 0.039015 | 3.355073 | 0.0122 |
| ILPPSRGDPPC | -0.046649 | 0.013067 | -3.570049 | 0.0091 |
| GFI | -0.015361 | 0.078670 | -0.195262 | 0.8507 |
| STEA | 0.034907 | 0.013367 | 2.611443 | 0.0348 |
| LDP | 1.371914 | 0.585135 | 2.344613 | 0.0515 |
| FDII | 0.102011 | 0.094144 | 1.083565 | 0.3145 |

| | | | |
|---|---|---|---|
| R-squared | 0.860039 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.760067 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.005013 | Akaike info criterion | -7.449668 |
| Sum squared resid | 0.000176 | Schwarz criterion | -7.188922 |
| Log likelihood | 54.42284 | F-statistic | 8.602792 |
| Durbin-Watson stat | 2.250731 | Prob(F-statistic) | 0.006698 |

### C.2.2 Implicit Tax Rate Variables

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.136087 | 0.069644 | 1.954046 | 0.1457 |
| ILPPSRGDPPC | -0.036764 | 0.021658 | -1.697444 | 0.1882 |
| GFI | -0.074538 | 0.126080 | -0.591200 | 0.5960 |
| STEA | 0.029685 | 0.024005 | 1.236605 | 0.3042 |
| LDP | 1.242116 | 1.867522 | 0.665115 | 0.5535 |
| ITRC | 0.004915 | 0.059803 | 0.082191 | 0.9397 |
| ITRK | -0.035676 | 0.042205 | -0.845292 | 0.4600 |
| ITRL | -0.015137 | 0.034420 | -0.439771 | 0.6899 |

| | | | |
|---|---|---|---|
| R-squared | 0.623035 | Mean dependent var | 0.018371 |
| Adjusted R-squared | -0.256551 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.006091 | Akaike info criterion | -7.208882 |
| Sum squared resid | 0.000111 | Schwarz criterion | -6.919503 |
| Log likelihood | 47.64885 | F-statistic | 0.708327 |
| Durbin-Watson stat | 1.383254 | Prob(F-statistic) | 0.682636 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:10
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.135598 | 0.062219 | 2.179361 | 0.0948 |
| ILPPSRGDPPC | -0.038569 | 0.019001 | -2.029827 | 0.1122 |
| GFI | -0.068347 | 0.111948 | -0.610525 | 0.5745 |
| STEA | 0.029220 | 0.021428 | 1.363641 | 0.2444 |
| LDP | 1.502472 | 1.582573 | 0.949386 | 0.3962 |
| ITRC | -0.002756 | 0.051111 | -0.053917 | 0.9596 |
| ITRK | -0.035199 | 0.037698 | -0.933696 | 0.4033 |

| | | | |
|---|---|---|---|
| R-squared | 0.598733 | Mean dependent var | 0.018371 |
| Adjusted R-squared | -0.003167 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.005442 | Akaike info criterion | -7.328226 |
| Sum squared resid | 0.000118 | Schwarz criterion | -7.075020 |
| Log likelihood | 47.30525 | F-statistic | 0.994738 |
| Durbin-Watson stat | 1.658738 | Prob(F-statistic) | 0.526988 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:47
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.137260 | 0.059101 | 2.322475 | 0.0809 |
| ILPPSRGDPPC | -0.037473 | 0.017224 | -2.175560 | 0.0952 |
| GFI | -0.071717 | 0.105182 | -0.681838 | 0.5328 |
| STEA | 0.030933 | 0.016122 | 1.918598 | 0.1275 |
| LDP | 1.298206 | 1.507165 | 0.861356 | 0.4376 |
| ITRK | -0.035000 | 0.035890 | -0.975189 | 0.3847 |
| ITRL | -0.014312 | 0.028545 | -0.501385 | 0.6424 |

| | | | |
|---|---|---|---|
| R-squared | 0.622186 | Mean dependent var | 0.018371 |
| Adjusted R-squared | 0.055465 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.005281 | Akaike info criterion | -7.388451 |
| Sum squared resid | 0.000112 | Schwarz criterion | -7.135245 |
| Log likelihood | 47.63648 | F-statistic | 1.097869 |
| Durbin-Watson stat | 1.435766 | Prob(F-statistic) | 0.486144 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample: 1 27
Included observations: 12

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.053451 | 0.049706 | 1.075342 | 0.3314 |
| ILPPSRGDPPC | -0.017629 | 0.018658 | -0.944845 | 0.3881 |
| GFI | -0.001876 | 0.110781 | -0.016936 | 0.9871 |
| STEA | 0.026190 | 0.024698 | 1.060424 | 0.3375 |
| LDP | 2.155862 | 1.515070 | 1.422945 | 0.2140 |
| ITRC | -0.004211 | 0.062157 | -0.067755 | 0.9486 |
| ITRL | -0.013156 | 0.036451 | -0.360909 | 0.7329 |

| | | | |
|---|---|---|---|
| R-squared | 0.489752 | Mean dependent var | 0.019297 |
| Adjusted R-squared | -0.122546 | S.D. dependent var | 0.006092 |
| S.E. of regression | 0.006454 | Akaike info criterion | -6.956943 |
| Sum squared resid | 0.000208 | Schwarz criterion | -6.674081 |
| Log likelihood | 48.74166 | F-statistic | 0.799859 |
| Durbin-Watson stat | 1.526939 | Prob(F-statistic) | 0.608835 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample: 1 27
Included observations: 14

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.054739 | 0.034120 | 1.604296 | 0.1473 |
| ILPPSRGDPPC | -0.016675 | 0.007906 | -2.109167 | 0.0680 |
| GFI | -0.050828 | 0.087624 | -0.580068 | 0.5778 |
| STEA | 0.020195 | 0.015373 | 1.313672 | 0.2254 |
| LDP | 2.206091 | 0.452083 | 4.879831 | 0.0012 |
| ITRC | 0.014217 | 0.044544 | 0.319156 | 0.7578 |

| | | | |
|---|---|---|---|
| R-squared | 0.786490 | Mean dependent var | 0.021634 |
| Adjusted R-squared | 0.653047 | S.D. dependent var | 0.009893 |
| S.E. of regression | 0.005828 | Akaike info criterion | -7.154920 |
| Sum squared resid | 0.000272 | Schwarz criterion | -6.881039 |
| Log likelihood | 56.08444 | F-statistic | 5.893802 |
| Durbin-Watson stat | 1.782118 | Prob(F-statistic) | 0.014168 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:48
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.134863 | 0.054318 | 2.482821 | 0.0556 |
| ILPPSRGDPPC | -0.038195 | 0.015827 | -2.413254 | 0.0606 |
| GFI | -0.069869 | 0.096929 | -0.720829 | 0.5033 |
| STEA | 0.028440 | 0.014142 | 2.011002 | 0.1005 |
| LDP | 1.476798 | 1.350393 | 1.093606 | 0.3240 |
| ITRK | -0.035597 | 0.033076 | -1.076211 | 0.3310 |

| | | | |
|---|---|---|---|
| R-squared | 0.598441 | Mean dependent var | 0.018371 |
| Adjusted R-squared | 0.196883 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.004869 | Akaike info criterion | -7.509318 |
| Sum squared resid | 0.000119 | Schwarz criterion | -7.292284 |
| Log likelihood | 47.30125 | F-statistic | 1.490297 |
| Durbin-Watson stat | 1.642605 | Prob(F-statistic) | 0.336101 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 19:49
Sample: 1 27
Included observations: 12

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.051976 | 0.040808 | 1.273657 | 0.2499 |
| ILPPSRGDPPC | -0.016971 | 0.014545 | -1.166744 | 0.2876 |
| GFI | -0.003400 | 0.099069 | -0.034318 | 0.9737 |
| STEA | 0.025131 | 0.017458 | 1.439494 | 0.2001 |
| LDP | 2.096550 | 1.129354 | 1.856415 | 0.1128 |
| ITRL | -0.013879 | 0.031833 | -0.435986 | 0.6781 |

| | | | |
|---|---|---|---|
| R-squared | 0.489284 | Mean dependent var | 0.019297 |
| Adjusted R-squared | 0.063686 | S.D. dependent var | 0.006092 |
| S.E. of regression | 0.005895 | Akaike info criterion | -7.122692 |
| Sum squared resid | 0.000208 | Schwarz criterion | -6.880239 |
| Log likelihood | 48.73615 | F-statistic | 1.149640 |
| Durbin-Watson stat | 1.516151 | Prob(F-statistic) | 0.427646 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.009691 | 0.137131 | 0.070669 | 0.9551 |
| ILPPSRGDPPC | 0.020685 | 0.054204 | 0.381611 | 0.7679 |
| GFI | -0.006746 | 0.110423 | -0.061093 | 0.9612 |
| STEA | -0.018594 | 0.049518 | -0.375491 | 0.7713 |
| LDP | -0.112997 | 2.475930 | -0.045638 | 0.9710 |
| ITRC | -0.517879 | 0.451553 | -1.146883 | 0.4565 |
| ITRK | -0.063128 | 0.050775 | -1.243289 | 0.4312 |
| ITRL | -0.261034 | 0.269192 | -0.969693 | 0.5098 |
| TE | 0.433688 | 0.481143 | 0.901370 | 0.5330 |
| NL | 1.277799 | 1.017917 | 1.255307 | 0.4282 |

| | | | |
|---|---|---|---|
| R-squared | 0.921089 | Mean dependent var | 0.018371 |
| Adjusted R-squared | 0.210887 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.004827 | Akaike info criterion | -8.409075 |
| Sum squared resid | 2.33E-05 | Schwarz criterion | -8.047352 |
| Log likelihood | 56.24991 | F-statistic | 1.296940 |
| Durbin-Watson stat | 0.855685 | Prob(F-statistic) | 0.597273 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.130541 | 0.056350 | 2.316595 | 0.1465 |
| ILPPSRGDPPC | -0.028876 | 0.017782 | -1.623907 | 0.2459 |
| GFI | 0.005254 | 0.108077 | 0.048616 | 0.9656 |
| STEA | 0.025279 | 0.019823 | 1.275242 | 0.3303 |
| LDP | 1.831035 | 1.431095 | 1.279465 | 0.3291 |
| ITRC | -0.090907 | 0.098606 | -0.921930 | 0.4539 |
| ITRK | -0.026426 | 0.033336 | -0.792691 | 0.5111 |
| TE | -0.030449 | 0.048242 | -0.631184 | 0.5924 |
| NL | 0.317416 | 0.231551 | 1.370824 | 0.3040 |

| | | | |
|---|---|---|---|
| R-squared | 0.846888 | Mean dependent var | 0.018371 |
| Adjusted R-squared | 0.234440 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.004754 | Akaike info criterion | -7.928048 |
| Sum squared resid | 4.52E-05 | Schwarz criterion | -7.602497 |
| Log likelihood | 52.60426 | F-statistic | 1.382792 |
| Durbin-Watson stat | 1.974824 | Prob(F-statistic) | 0.485596 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:08
Sample: 1 27
Included observations: 11

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.150826 | 0.065104 | 2.316690 | 0.1465 |
| ILPPSRGDPPC | -0.037108 | 0.021488 | -1.726942 | 0.2263 |
| GFI | -0.005064 | 0.118799 | -0.042624 | 0.9699 |
| STEA | 0.031982 | 0.024235 | 1.319645 | 0.3178 |
| LDP | 1.995552 | 1.784305 | 1.118392 | 0.3797 |
| ITRK | -0.021845 | 0.038530 | -0.566955 | 0.6279 |
| ITRL | 0.040015 | 0.064214 | 0.623155 | 0.5968 |
| TE | -0.108069 | 0.098392 | -1.098348 | 0.3866 |
| NL | 0.118899 | 0.132167 | 0.899611 | 0.4633 |

| | | | |
|---|---|---|---|
| R-squared | 0.817294 | Mean dependent var | 0.018371 |
| Adjusted R-squared | 0.086468 | S.D. dependent var | 0.005433 |
| S.E. of regression | 0.005193 | Akaike info criterion | -7.751336 |
| Sum squared resid | 5.39E-05 | Schwarz criterion | -7.425785 |
| Log likelihood | 51.63235 | F-statistic | 1.118315 |
| Durbin-Watson stat | 1.855521 | Prob(F-statistic) | 0.553818 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample: 1 27
Included observations: 12

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.108277 | 0.069486 | 1.558255 | 0.2171 |
| ILPPSRGDPPC | -0.025822 | 0.022846 | -1.130282 | 0.3406 |
| GFI | 0.051823 | 0.079188 | 0.654436 | 0.5595 |
| STEA | 0.026515 | 0.023979 | 1.105740 | 0.3495 |
| LDP | 1.366765 | 1.966738 | 0.694940 | 0.5371 |
| ITRC | -0.110141 | 0.199055 | -0.553322 | 0.6186 |
| ITRL | -0.006800 | 0.127612 | -0.053289 | 0.9609 |
| TE | -0.022447 | 0.226630 | -0.099047 | 0.9273 |
| NL | 0.351944 | 0.414568 | 0.848942 | 0.4583 |

| | | | |
|---|---|---|---|
| R-squared | 0.854620 | Mean dependent var | 0.019297 |
| Adjusted R-squared | 0.466940 | S.D. dependent var | 0.006092 |
| S.E. of regression | 0.004448 | Akaike info criterion | -7.879156 |
| Sum squared resid | 5.93E-05 | Schwarz criterion | -7.515476 |
| Log likelihood | 56.27493 | F-statistic | 2.204447 |
| Durbin-Watson stat | 2.124935 | Prob(F-statistic) | 0.278089 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/16/14 Time: 21:11
Sample (adjusted): 4 27
Included observations: 12 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.142090 | 0.063138 | 2.250457 | 0.1099 |
| ILPPSRGDPPC | -0.040918 | 0.022939 | -1.783771 | 0.1725 |
| GFI | -0.011006 | 0.091715 | -0.120002 | 0.9121 |
| STEA | 0.038065 | 0.023987 | 1.586898 | 0.2107 |
| LDP | 0.751088 | 0.832896 | 0.901779 | 0.4336 |
| ITRC | 0.005814 | 0.087738 | 0.066261 | 0.9513 |
| TE | -0.062400 | 0.055405 | -1.126242 | 0.3420 |
| NL | 0.019789 | 0.213808 | 0.092556 | 0.9321 |
| FDII | 0.115398 | 0.140214 | 0.823015 | 0.4708 |

| | | | |
|---|---|---|---|
| R-squared | 0.914745 | Mean dependent var | 0.021397 |
| Adjusted R-squared | 0.687397 | S.D. dependent var | 0.010381 |
| S.E. of regression | 0.005804 | Akaike info criterion | -7.346867 |
| Sum squared resid | 0.000101 | Schwarz criterion | -6.983187 |
| Log likelihood | 53.08120 | F-statistic | 4.023556 |
| Durbin-Watson stat | 1.369997 | Prob(F-statistic) | 0.139785 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:12
Sample (adjusted): 4 27
Included observations: 10 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.130224 | 0.106331 | 1.224694 | 0.4359 |
| ILPPSRGDPPC | -0.033475 | 0.031893 | -1.049610 | 0.4846 |
| GFI | -0.011387 | 0.194909 | -0.058423 | 0.9628 |
| STEA | 0.027342 | 0.035419 | 0.771954 | 0.5815 |
| LDP | 0.691352 | 3.571322 | 0.193584 | 0.8783 |
| ITRK | -0.015359 | 0.081616 | -0.188188 | 0.8816 |
| TE | -0.050959 | 0.068623 | -0.742597 | 0.5934 |
| NL | 0.086080 | 0.263538 | 0.326630 | 0.7990 |
| FDII | 0.068447 | 0.285247 | 0.239956 | 0.8501 |

| | | | |
|---|---|---|---|
| R-squared | 0.794378 | Mean dependent var | 0.018545 |
| Adjusted R-squared | -0.850596 | S.D. dependent var | 0.005695 |
| S.E. of regression | 0.007747 | Akaike info criterion | -7.385516 |
| Sum squared resid | 6.00E-05 | Schwarz criterion | -7.113189 |
| Log likelihood | 45.92758 | F-statistic | 0.482912 |
| Durbin-Watson stat | 0.973009 | Prob(F-statistic) | 0.811902 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 19:13
Sample (adjusted): 4 27
Included observations: 10 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.142920 | 0.067764 | 2.109082 | 0.2819 |
| ILPPSRGDPPC | -0.040422 | 0.023850 | -1.694840 | 0.3394 |
| GFI | 0.057388 | 0.104033 | 0.551635 | 0.6791 |
| STEA | 0.033063 | 0.025646 | 1.289203 | 0.4200 |
| LDP | 1.470256 | 2.100545 | 0.699940 | 0.6112 |
| ITRL | 0.078022 | 0.077159 | 1.011185 | 0.4965 |
| TE | -0.148614 | 0.108556 | -1.369011 | 0.4016 |
| NL | 0.052925 | 0.163749 | 0.323206 | 0.8010 |
| FDII | 0.133724 | 0.137107 | 0.975321 | 0.5080 |

| | | | |
|---|---|---|---|
| R-squared | 0.894732 | Mean dependent var | 0.018545 |
| Adjusted R-squared | 0.052589 | S.D. dependent var | 0.005695 |
| S.E. of regression | 0.005543 | Akaike info criterion | -8.055045 |
| Sum squared resid | 3.07E-05 | Schwarz criterion | -7.782718 |
| Log likelihood | 49.27522 | F-statistic | 1.062446 |
| Durbin-Watson stat | 2.087024 | Prob(F-statistic) | 0.639623 |

### C.2.3 Top Income Tax Rate Variables

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:04
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.078752 | 0.024522 | 3.211467 | 0.0124 |
| ILPPSRGDPPC | -0.013815 | 0.006885 | -2.006669 | 0.0797 |
| GFI | -0.006261 | 0.069273 | -0.090378 | 0.9302 |
| STEA | 0.032049 | 0.012502 | 2.563420 | 0.0335 |
| LDP | 1.607841 | 0.459271 | 3.500852 | 0.0081 |
| TCITR | -0.039972 | 0.029427 | -1.358355 | 0.2114 |
| TPITR | -0.057166 | 0.022413 | -2.550646 | 0.0341 |

| | | | |
|---|---|---|---|
| R-squared | 0.881196 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.792093 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.004462 | Akaike info criterion | -7.681640 |
| Sum squared resid | 0.000159 | Schwarz criterion | -7.351217 |
| Log likelihood | 64.61230 | F-statistic | 9.889639 |
| Durbin-Watson stat | 2.250300 | Prob(F-statistic) | 0.002448 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:04
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.067709 | 0.030643 | 2.209614 | 0.0545 |
| ILPPSRGDPPC | -0.015166 | 0.008714 | -1.740331 | 0.1158 |
| GFI | -0.038585 | 0.086461 | -0.446272 | 0.6659 |
| STEA | 0.016801 | 0.013940 | 1.205225 | 0.2588 |
| LDP | 1.871746 | 0.568079 | 3.294868 | 0.0093 |
| TCITR | -0.036734 | 0.037324 | -0.984191 | 0.3507 |

| | | | |
|---|---|---|---|
| R-squared | 0.784582 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.664905 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005665 | Akaike info criterion | -7.219867 |
| Sum squared resid | 0.000289 | Schwarz criterion | -6.936647 |
| Log likelihood | 60.14900 | F-statistic | 6.555838 |
| Durbin-Watson stat | 2.700114 | Prob(F-statistic) | 0.007737 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:05
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.078593 | 0.025647 | 3.064388 | 0.0135 |
| ILPPSRGDPPC | -0.019176 | 0.005900 | -3.250292 | 0.0100 |
| GFI | -0.024965 | 0.071006 | -0.351584 | 0.7332 |
| STEA | 0.038097 | 0.012219 | 3.117883 | 0.0124 |
| LDP | 2.023875 | 0.357942 | 5.654198 | 0.0003 |
| TPITR | -0.055853 | 0.023419 | -2.384904 | 0.0409 |

| | | | |
|---|---|---|---|
| R-squared | 0.853795 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.772570 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.004667 | Akaike info criterion | -7.607438 |
| Sum squared resid | 0.000196 | Schwarz criterion | -7.324218 |
| Log likelihood | 63.05579 | F-statistic | 10.51148 |
| Durbin-Watson stat | 1.812398 | Prob(F-statistic) | 0.001494 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:05
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.126101 | 0.049625 | 2.541087 | 0.0846 |
| ILPPSRGDPPC | -0.038207 | 0.015916 | -2.400485 | 0.0958 |
| GFI | 0.022644 | 0.081525 | 0.277758 | 0.7992 |
| STEA | 0.044432 | 0.015005 | 2.961119 | 0.0595 |
| LDP | 1.106435 | 0.825102 | 1.340968 | 0.2724 |
| TCITR | 0.001596 | 0.068796 | 0.023198 | 0.9829 |
| TPITR | -0.066830 | 0.071438 | -0.935490 | 0.4185 |
| TE | 0.000728 | 0.081393 | 0.008946 | 0.9934 |
| NL | 0.050455 | 0.155398 | 0.324680 | 0.7667 |
| FDII | 0.122989 | 0.137234 | 0.896198 | 0.4362 |

| | | | |
|---|---|---|---|
| R-squared | 0.946563 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.786253 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004731 | Akaike info criterion | -7.797148 |
| Sum squared resid | 6.72E-05 | Schwarz criterion | -7.362572 |
| Log likelihood | 60.68146 | F-statistic | 5.904572 |
| Durbin-Watson stat | 1.872230 | Prob(F-statistic) | 0.085610 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 18:49
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.151694 | 0.040751 | 3.722477 | 0.0204 |
| ILPPSRGDPPC | -0.038352 | 0.015665 | -2.448241 | 0.0706 |
| GFI | -0.008039 | 0.073462 | -0.109434 | 0.9181 |
| STEA | 0.041948 | 0.014536 | 2.885792 | 0.0448 |
| LDP | 0.672535 | 0.671661 | 1.001302 | 0.3733 |
| TCITR | -0.044935 | 0.046780 | -0.960573 | 0.3912 |
| TE | -0.067291 | 0.036003 | -1.869029 | 0.1350 |
| NL | -0.055020 | 0.105258 | -0.522717 | 0.6288 |
| FDII | 0.059524 | 0.117416 | 0.506950 | 0.6389 |

| | | | |
|---|---|---|---|
| R-squared | 0.930975 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.792925 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004657 | Akaike info criterion | -7.695024 |
| Sum squared resid | 8.67E-05 | Schwarz criterion | -7.303905 |
| Log likelihood | 59.01766 | F-statistic | 6.743754 |
| Durbin-Watson stat | 1.737593 | Prob(F-statistic) | 0.041401 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/13/14 Time: 18:50
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.126461 | 0.040825 | 3.097604 | 0.0363 |
| ILPPSRGDPPC | -0.038051 | 0.012492 | -3.046138 | 0.0382 |
| GFI | 0.022147 | 0.068124 | 0.325096 | 0.7614 |
| STEA | 0.044348 | 0.012614 | 3.515678 | 0.0245 |
| LDP | 1.096535 | 0.611603 | 1.792886 | 0.1475 |
| TPITR | -0.065631 | 0.042744 | -1.535441 | 0.1995 |
| TE | -0.000632 | 0.048911 | -0.012914 | 0.9903 |
| NL | 0.047864 | 0.093601 | 0.511365 | 0.6360 |
| FDII | 0.120865 | 0.088549 | 1.364956 | 0.2440 |

| | | | |
|---|---|---|---|
| R-squared | 0.946554 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.839661 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004098 | Akaike info criterion | -7.950815 |
| Sum squared resid | 6.72E-05 | Schwarz criterion | -7.559696 |
| Log likelihood | 60.68030 | F-statistic | 8.855180 |
| Durbin-Watson stat | 1.864348 | Prob(F-statistic) | 0.025632 |

### C.2.4 Tax Structure Variables

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:30
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.064656 | 0.042328 | 1.527486 | 0.1705 |
| ILPPSRGDPPC | -0.015514 | 0.010774 | -1.440038 | 0.1930 |
| GFI | -0.055550 | 0.113178 | -0.490819 | 0.6386 |
| STEA | 0.032122 | 0.022100 | 1.453458 | 0.1894 |
| LDP | 1.868351 | 0.558969 | 3.342492 | 0.0124 |
| TT | -0.068214 | 0.046166 | -1.477589 | 0.1830 |
| CT | 0.087067 | 0.137565 | 0.632913 | 0.5469 |
| KT | 0.031147 | 0.175116 | 0.177868 | 0.8639 |

| | | | |
|---|---|---|---|
| R-squared | 0.818444 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.636888 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005897 | Akaike info criterion | -7.124216 |
| Sum squared resid | 0.000243 | Schwarz criterion | -6.746590 |
| Log likelihood | 61.43162 | F-statistic | 4.507937 |
| Durbin-Watson stat | 1.751803 | Prob(F-statistic) | 0.032547 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:31
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.059139 | 0.041639 | 1.420276 | 0.1985 |
| ILPPSRGDPPC | -0.015339 | 0.010422 | -1.471878 | 0.1845 |
| GFI | -0.047170 | 0.111350 | -0.423619 | 0.6846 |
| STEA | 0.032636 | 0.021584 | 1.512047 | 0.1743 |
| LDP | 1.846556 | 0.542864 | 3.401511 | 0.0114 |
| TT | 0.043475 | 0.119346 | 0.364276 | 0.7264 |
| KT | -0.071166 | 0.187890 | -0.378762 | 0.7161 |
| LT | -0.114712 | 0.130659 | -0.877954 | 0.4091 |

| | | | |
|---|---|---|---|
| R-squared | 0.827094 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.654187 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005755 | Akaike info criterion | -7.173032 |
| Sum squared resid | 0.000232 | Schwarz criterion | -6.795405 |
| Log likelihood | 61.79774 | F-statistic | 4.783480 |
| Durbin-Watson stat | 1.801508 | Prob(F-statistic) | 0.027968 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:31
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.058459 | 0.042098 | 1.388639 | 0.2075 |
| ILPPSRGDPPC | -0.017636 | 0.010913 | -1.616077 | 0.1501 |
| GFI | -0.031275 | 0.115599 | -0.270548 | 0.7945 |
| STEA | 0.037240 | 0.022058 | 1.688259 | 0.1352 |
| LDP | 1.796099 | 0.543308 | 3.305860 | 0.0130 |
| TT | 0.015869 | 0.174964 | 0.090700 | 0.9303 |
| CT | 0.008911 | 0.198952 | 0.044791 | 0.9655 |
| LT | -0.085774 | 0.176116 | -0.487030 | 0.6411 |

| | | | |
|---|---|---|---|
| R-squared | 0.823601 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.647201 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005813 | Akaike info criterion | -7.153031 |
| Sum squared resid | 0.000237 | Schwarz criterion | -6.775404 |
| Log likelihood | 61.64773 | F-statistic | 4.668956 |
| Durbin-Watson stat | 1.782394 | Prob(F-statistic) | 0.029765 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:33
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.124347 | 0.057102 | 2.177617 | 0.1176 |
| ILPPSRGDPPC | -0.054365 | 0.021580 | -2.519241 | 0.0862 |
| GFI | 0.090327 | 0.152745 | 0.591360 | 0.5959 |
| STEA | 0.061922 | 0.027407 | 2.259329 | 0.1090 |
| LDP | 0.258644 | 1.010795 | 0.255882 | 0.8146 |
| TT | -0.064643 | 0.051584 | -1.253162 | 0.2989 |
| CT | -0.009205 | 0.140682 | -0.065435 | 0.9519 |
| KT | 0.232697 | 0.239879 | 0.970058 | 0.4036 |
| NL | 0.010973 | 0.146614 | 0.074844 | 0.9451 |
| FDII | 0.220166 | 0.179234 | 1.228372 | 0.3069 |

| | | | |
|---|---|---|---|
| R-squared | 0.932558 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.730233 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.005315 | Akaike info criterion | -7.564383 |
| Sum squared resid | 8.48E-05 | Schwarz criterion | -7.129807 |
| Log likelihood | 59.16849 | F-statistic | 4.609209 |
| Durbin-Watson stat | 2.172212 | Prob(F-statistic) | 0.117802 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:33
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.119174 | 0.058072 | 2.052176 | 0.1325 |
| ILPPSRGDPPC | -0.053257 | 0.021590 | -2.466759 | 0.0903 |
| GFI | 0.090644 | 0.152662 | 0.593757 | 0.5945 |
| STEA | 0.061670 | 0.027387 | 2.251821 | 0.1098 |
| LDP | 0.285009 | 1.014104 | 0.281045 | 0.7969 |
| TT | -0.053978 | 0.131304 | -0.411094 | 0.7086 |
| KT | 0.221668 | 0.268586 | 0.825313 | 0.4697 |
| LT | -0.013140 | 0.136204 | -0.096470 | 0.9292 |
| NL | 0.006020 | 0.146302 | 0.041150 | 0.9698 |
| FDII | 0.217638 | 0.179296 | 1.213846 | 0.3116 |

| | | | |
|---|---|---|---|
| R-squared | 0.932671 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.730684 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.005311 | Akaike info criterion | -7.566054 |
| Sum squared resid | 8.46E-05 | Schwarz criterion | -7.131478 |
| Log likelihood | 59.17935 | F-statistic | 4.617476 |
| Durbin-Watson stat | 2.212052 | Prob(F-statistic) | 0.117535 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 20:33
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114105 | 0.052256 | 2.183586 | 0.1170 |
| ILPPSRGDPPC | -0.057566 | 0.019047 | -3.022293 | 0.0567 |
| GFI | 0.132393 | 0.141058 | 0.938572 | 0.4172 |
| STEA | 0.067432 | 0.024192 | 2.787392 | 0.0686 |
| LDP | 0.139883 | 0.867623 | 0.161225 | 0.8822 |
| TT | 0.242986 | 0.227816 | 1.066589 | 0.3644 |
| CT | -0.317407 | 0.250940 | -1.264873 | 0.2952 |
| LT | -0.301669 | 0.216985 | -1.390278 | 0.2586 |
| NL | -0.001021 | 0.130346 | -0.007836 | 0.9942 |
| FDII | 0.248299 | 0.155884 | 1.592843 | 0.2094 |

| | | | |
|---|---|---|---|
| R-squared | 0.946119 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.784476 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.004751 | Akaike info criterion | -7.788867 |
| Sum squared resid | 6.77E-05 | Schwarz criterion | -7.354290 |
| Log likelihood | 60.62763 | F-statistic | 5.853129 |
| Durbin-Watson stat | 2.269262 | Prob(F-statistic) | 0.086598 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:19
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.097006 | 0.034055 | 2.848506 | 0.0247 |
| ILPPSRGDPPC | -0.015665 | 0.007282 | -2.151331 | 0.0685 |
| GFI | -0.134926 | 0.097557 | -1.383044 | 0.2092 |
| STEA | 0.021928 | 0.015333 | 1.430126 | 0.1958 |
| LDP | 1.962447 | 0.446579 | 4.394406 | 0.0032 |
| TT | -0.055673 | 0.038570 | -1.443418 | 0.1921 |
| ET | 0.094384 | 0.221808 | 0.425522 | 0.6832 |
| PT | -0.246305 | 0.199276 | -1.236000 | 0.2563 |

| | | | |
|---|---|---|---|
| R-squared | 0.846308 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.692617 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005426 | Akaike info criterion | -7.290833 |
| Sum squared resid | 0.000206 | Schwarz criterion | -6.913206 |
| Log likelihood | 62.68125 | F-statistic | 5.506533 |
| Durbin-Watson stat | 1.556527 | Prob(F-statistic) | 0.019317 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:19
Sample: 1 27
Included observations: 15

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.105557 | 0.038558 | 2.737590 | 0.0338 |
| ILPPSRGDPPC | -0.017987 | 0.008591 | -2.093628 | 0.0812 |
| GFI | -0.156192 | 0.108534 | -1.439103 | 0.2002 |
| STEA | 0.026150 | 0.017605 | 1.485333 | 0.1880 |
| LDP | 2.013718 | 0.476778 | 4.223597 | 0.0055 |
| TT | -0.061107 | 0.041520 | -1.471744 | 0.1915 |
| ET | 0.131494 | 0.241152 | 0.545274 | 0.6052 |
| RTIP | -0.338678 | 0.260955 | -1.297842 | 0.2420 |
| OPT | -0.042217 | 0.403147 | -0.104720 | 0.9200 |

| | | | |
|---|---|---|---|
| R-squared | 0.854797 | Mean dependent var | 0.022204 |
| Adjusted R-squared | 0.661192 | S.D. dependent var | 0.009786 |
| S.E. of regression | 0.005696 | Akaike info criterion | -7.214314 |
| Sum squared resid | 0.000195 | Schwarz criterion | -6.789483 |
| Log likelihood | 63.10735 | F-statistic | 4.415174 |
| Durbin-Watson stat | 1.496751 | Prob(F-statistic) | 0.043455 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:20
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.147800 | 0.046271 | 3.194204 | 0.0496 |
| ILPPSRGDPPC | -0.034119 | 0.018379 | -1.856467 | 0.1604 |
| GFI | -0.091808 | 0.122163 | -0.751519 | 0.5069 |
| STEA | 0.031959 | 0.021753 | 1.469169 | 0.2381 |
| LDP | 1.096157 | 0.854042 | 1.283492 | 0.2895 |
| TT | -0.076858 | 0.052808 | -1.455427 | 0.2416 |
| ET | 0.049137 | 0.305420 | 0.160883 | 0.8824 |
| PT | -0.180015 | 0.255389 | -0.704865 | 0.5317 |
| NL | 0.074853 | 0.152781 | 0.489933 | 0.6578 |
| FDII | 0.061212 | 0.137068 | 0.446582 | 0.6854 |

| | | | |
|---|---|---|---|
| R-squared | 0.924009 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.696035 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.005642 | Akaike info criterion | -7.445028 |
| Sum squared resid | 9.55E-05 | Schwarz criterion | -7.010451 |
| Log likelihood | 58.39268 | F-statistic | 4.053134 |
| Durbin-Watson stat | 1.604813 | Prob(F-statistic) | 0.138337 |

Dependent Variable: LDPRGDPPC
Method: Least Squares
Date: 04/07/14 Time: 21:20
Sample (adjusted): 4 27
Included observations: 13 after adjustments

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.148756 | 0.057355 | 2.593596 | 0.1220 |
| ILPPSRGDPPC | -0.033540 | 0.023208 | -1.445153 | 0.2853 |
| GFI | -0.099459 | 0.168156 | -0.591470 | 0.6142 |
| STEA | 0.031881 | 0.026589 | 1.199038 | 0.3533 |
| LDP | 1.101624 | 1.044912 | 1.054275 | 0.4023 |
| TT | -0.079439 | 0.069608 | -1.141227 | 0.3720 |
| ET | 0.049933 | 0.373240 | 0.133782 | 0.9058 |
| RTIP | -0.208230 | 0.423043 | -0.492220 | 0.6713 |
| OPT | -0.137594 | 0.530900 | -0.259171 | 0.8197 |
| NL | 0.081511 | 0.198467 | 0.410702 | 0.7211 |
| FDII | 0.059880 | 0.168008 | 0.356414 | 0.7556 |

| | | | |
|---|---|---|---|
| R-squared | 0.924377 | Mean dependent var | 0.022074 |
| Adjusted R-squared | 0.546264 | S.D. dependent var | 0.010233 |
| S.E. of regression | 0.006893 | Akaike info criterion | -7.296043 |
| Sum squared resid | 9.50E-05 | Schwarz criterion | -6.818009 |
| Log likelihood | 58.42428 | F-statistic | 2.444707 |
| Durbin-Watson stat | 1.650823 | Prob(F-statistic) | 0.325089 |

## C.3 Three Period Panel Regressions (1995-1999, 2000-2003, 2004-2007) with the Real GDP per Capita Growth Rate as the Dependent Variable

### C.3.1 Non-Tax Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 21:14
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.131847 | 0.084957 | 1.551929 | 0.1272 |
| ILPPSRGDPPC? | -0.020129 | 0.024462 | -0.822891 | 0.4146 |
| GFI? | 0.295765 | 0.081263 | 3.639595 | 0.0007 |
| STEA? | -0.148920 | 0.076124 | -1.956278 | 0.0563 |
| LDP? | -2.686596 | 0.658458 | -4.080136 | 0.0002 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008031 | | | |
| _BG--C | -0.025663 | | | |
| _CZ--C | 0.006463 | | | |
| _DK--C | 0.019897 | | | |
| _DE--C | 0.014062 | | | |
| _EE--C | 0.009804 | | | |
| _IE--C | 0.048375 | | | |
| _EL--C | -0.016533 | | | |
| _ES--C | -0.034735 | | | |
| _FR--C | 0.001866 | | | |
| _IT--C | -0.042833 | | | |
| _CY--C | 0.027650 | | | |
| _LV--C | 0.006405 | | | |
| _LT--C | 0.017327 | | | |
| _LU--C | 0.038485 | | | |
| _HU--C | -0.016493 | | | |
| _MT--C | -0.066095 | | | |
| _NL--C | 0.009225 | | | |

| | |
|---|---|
| _AT--C | 0.010958 |
| _PL--C | 0.017436 |
| _PT--C | -0.084416 |
| _RO--C | -0.026230 |
| _SL--C | 0.007729 |
| _SK--C | 0.009332 |
| _FI--C | 0.025491 |
| _SE--C | 0.034676 |
| _UK--C | 0.015846 |
| Fixed Effects (Period) | |
| 1--C | -0.012071 |
| 2--C | -0.003044 |
| 3--C | 0.015114 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.817845 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.696408 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.012105 | Akaike info criterion | -5.698825 |
| Sum squared resid | 0.007034 | Schwarz criterion | -4.723309 |
| Log likelihood | 263.8024 | F-statistic | 6.734732 |
| Durbin-Watson stat | 2.353414 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 22:10
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.058776 | 0.021015 | 2.796866 | 0.0067 |
| ILPPSRGDPPC? | -0.004478 | 0.006174 | -0.725270 | 0.4707 |
| GFI? | 0.138088 | 0.047055 | 2.934640 | 0.0045 |
| STEA? | 0.020174 | 0.011175 | 1.805310 | 0.0754 |
| LDP? | -0.993270 | 0.409245 | -2.427081 | 0.0178 |
| TE? | -0.116954 | 0.035205 | -3.322109 | 0.0014 |
| NL? | 0.139873 | 0.075656 | 1.848788 | 0.0688 |
| FDII? | 0.046425 | 0.042323 | 1.096904 | 0.2765 |

| | | | |
|---|---|---|---|
| R-squared | 0.613897 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.574727 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.014564 | Akaike info criterion | -5.522430 |
| Sum squared resid | 0.014636 | Schwarz criterion | -5.278918 |
| Log likelihood | 220.6136 | F-statistic | 15.67270 |
| Durbin-Watson stat | 1.672413 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 21:37
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.199518 | 0.099488 | 2.005453 | 0.0508 |
| ILPPSRGDPPC? | -0.032474 | 0.026680 | -1.217136 | 0.2298 |
| GFI? | 0.319423 | 0.086914 | 3.675179 | 0.0006 |
| STEA? | -0.104028 | 0.080427 | -1.293437 | 0.2023 |
| LDP? | -2.764776 | 0.655556 | -4.217450 | 0.0001 |
| TE? | -0.155757 | 0.107569 | -1.447970 | 0.1544 |
| NL? | -0.037008 | 0.161630 | -0.228970 | 0.8199 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.009328 | | | |
| _BG--C | -0.045893 | | | |
| _CZ--C | -0.007563 | | | |
| _DK--C | 0.037592 | | | |
| _DE--C | 0.017396 | | | |
| _EE--C | -0.021027 | | | |
| _IE--C | 0.043948 | | | |
| _EL--C | -0.009207 | | | |
| _ES--C | -0.027642 | | | |
| _FR--C | 0.021763 | | | |
| _IT--C | -0.022966 | | | |
| _CY--C | 0.024108 | | | |
| _LV--C | -0.024539 | | | |
| _LT--C | -0.012315 | | | |
| _LU--C | 0.051213 | | | |
| _HU--C | -0.015841 | | | |
| _MT--C | -0.049728 | | | |
| _NL--C | 0.019316 | | | |
| _AT--C | 0.023658 | | | |
| _PL--C | 0.003089 | | | |
| _PT--C | -0.067197 | | | |

| | |
|---|---|
| _RO--C | -0.054528 |
| _SL--C | 0.004270 |
| _SK--C | -0.007926 |
| _FI--C | 0.038887 |
| _SE--C | 0.054291 |
| _UK--C | 0.017513 |
| Fixed Effects (Period) | |
| 1--C | -0.009854 |
| 2--C | -0.003625 |
| 3--C | 0.013480 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.827954 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.700789 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.012017 | Akaike info criterion | -5.706538 |
| Sum squared resid | 0.006643 | Schwarz criterion | -4.671899 |
| Log likelihood | 266.1148 | F-statistic | 6.510871 |
| Durbin-Watson stat | 2.367378 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 21:42
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.144472 | 0.091182 | 1.584433 | 0.1206 |
| ILPPSRGDPPC? | -0.019138 | 0.026062 | -0.734323 | 0.4668 |
| GFI? | 0.273850 | 0.087872 | 3.116480 | 0.0033 |
| STEA? | -0.164286 | 0.083143 | -1.975946 | 0.0548 |
| LDP? | -2.619659 | 0.704667 | -3.717582 | 0.0006 |
| NL? | 0.143412 | 0.143027 | 1.002698 | 0.3217 |
| FDII? | 0.051462 | 0.054582 | 0.942835 | 0.3512 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014594 | | | |
| _BG--C | -0.028946 | | | |
| _CZ--C | 0.014103 | | | |
| _DK--C | 0.016102 | | | |
| _DE--C | 0.018089 | | | |
| _EE--C | 0.009837 | | | |
| _IE--C | 0.039964 | | | |
| _EL--C | -0.011576 | | | |
| _ES--C | -0.039102 | | | |
| _FR--C | 0.002475 | | | |
| _IT--C | -0.042918 | | | |
| _CY--C | 0.025169 | | | |
| _LV--C | 0.009939 | | | |
| _LT--C | 0.022995 | | | |
| _LU--C | 0.036783 | | | |
| _HU--C | -0.009318 | | | |
| _MT--C | -0.071422 | | | |
| _NL--C | 0.005931 | | | |
| _AT--C | 0.013641 | | | |
| _PL--C | 0.023672 | | | |
| _PT--C | -0.086589 | | | |

| | |
|---|---|
| _RO--C | -0.023076 |
| _SL--C | 0.012243 |
| _SK--C | 0.016736 |
| _FI--C | 0.020173 |
| _SE--C | 0.031184 |
| _UK--C | 0.014085 |
| Fixed Effects (Period) | |
| 1--C | -0.010529 |
| 2--C | -0.003287 |
| 3--C | 0.013816 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.826452 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.685962 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.012515 | Akaike info criterion | -5.620783 |
| Sum squared resid | 0.006579 | Schwarz criterion | -4.555417 |
| Log likelihood | 251.4002 | F-statistic | 5.882605 |
| Durbin-Watson stat | 2.589544 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 21:46
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.209788 | 0.096375 | 2.176776 | 0.0352 |
| ILPPSRGDPPC? | -0.033310 | 0.026148 | -1.273904 | 0.2097 |
| GFI? | 0.307594 | 0.085762 | 3.586600 | 0.0009 |
| STEA? | -0.127348 | 0.086099 | -1.479082 | 0.1466 |
| LDP? | -2.651595 | 0.693017 | -3.826159 | 0.0004 |
| TE? | -0.139940 | 0.088993 | -1.572476 | 0.1233 |
| FDII? | 0.052915 | 0.053559 | 0.987974 | 0.3288 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.002796 | | | |
| _BG--C | -0.046786 | | | |
| _CZ--C | -0.000451 | | | |
| _DK--C | 0.038955 | | | |
| _DE--C | 0.023564 | | | |
| _EE--C | -0.015583 | | | |
| _IE--C | 0.040944 | | | |
| _EL--C | -0.008203 | | | |
| _ES--C | -0.031643 | | | |
| _FR--C | 0.021693 | | | |
| _IT--C | -0.024986 | | | |
| _CY--C | 0.022346 | | | |
| _LV--C | -0.017783 | | | |
| _LT--C | -0.004281 | | | |
| _LU--C | 0.054131 | | | |
| _HU--C | -0.013391 | | | |
| _MT--C | -0.061208 | | | |
| _NL--C | 0.018581 | | | |
| _AT--C | 0.027520 | | | |
| _PL--C | 0.008479 | | | |
| _PT--C | -0.074186 | | | |

| | |
|---|---|
| _RO--C | -0.050871 |
| _SL--C | 0.009543 |
| _SK--C | -0.002920 |
| _FI--C | 0.039507 |
| _SE--C | 0.054409 |
| _UK--C | 0.018493 |
| Fixed Effects (Period) | |
| 1--C | -0.010273 |
| 2--C | -0.003645 |
| 3--C | 0.013918 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.832178 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.696323 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.012307 | Akaike info criterion | -5.654333 |
| Sum squared resid | 0.006361 | Schwarz criterion | -4.588967 |
| Log likelihood | 252.6918 | F-statistic | 6.125457 |
| Durbin-Watson stat | 2.627899 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 23:00
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.190720 | 0.090837 | 2.099570 | 0.0412 |
| ILPPSRGDPPC? | -0.030396 | 0.024836 | -1.223879 | 0.2271 |
| GFI? | 0.312399 | 0.080495 | 3.880954 | 0.0003 |
| STEA? | -0.105672 | 0.079295 | -1.332648 | 0.1891 |
| LDP? | -2.766325 | 0.648880 | -4.263232 | 0.0001 |
| TE? | -0.141185 | 0.085845 | -1.644657 | 0.1067 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.007047 | | | |
| _BG--C | -0.043869 | | | |
| _CZ--C | -0.005598 | | | |
| _DK--C | 0.033921 | | | |
| _DE--C | 0.016407 | | | |
| _EE--C | -0.018748 | | | |
| _IE--C | 0.043251 | | | |
| _EL--C | -0.008380 | | | |
| _ES--C | -0.027900 | | | |
| _FR--C | 0.019826 | | | |
| _IT--C | -0.024200 | | | |
| _CY--C | 0.024628 | | | |
| _LV--C | -0.021552 | | | |
| _LT--C | -0.009283 | | | |
| _LU--C | 0.047754 | | | |
| _HU--C | -0.014230 | | | |
| _MT--C | -0.048915 | | | |
| _NL--C | 0.017554 | | | |
| _AT--C | 0.021902 | | | |
| _PL--C | 0.005219 | | | |
| _PT--C | -0.066860 | | | |
| _RO--C | -0.050884 | | | |

| | |
|---|---|
| _SL--C | 0.004686 |
| _SK--C | -0.004962 |
| _FI--C | 0.035592 |
| _SE--C | 0.050830 |
| _UK--C | 0.016765 |
| Fixed Effects (Period) | |
| 1--C | -0.009475 |
| 2--C | -0.003666 |
| 3--C | 0.013141 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.827757 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.706821 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.011896 | Akaike info criterion | -5.730090 |
| Sum squared resid | 0.006651 | Schwarz criterion | -4.725012 |
| Log likelihood | 266.0686 | F-statistic | 6.844576 |
| Durbin-Watson stat | 2.365635 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:26
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.124384 | 0.085869 | 1.448537 | 0.1541 |
| ILPPSRGDPPC? | -0.017339 | 0.024832 | -0.698224 | 0.4885 |
| GFI? | 0.281215 | 0.083772 | 3.356924 | 0.0016 |
| STEA? | -0.141190 | 0.077106 | -1.831110 | 0.0734 |
| LDP? | -2.713402 | 0.662188 | -4.097630 | 0.0002 |
| NL? | 0.101454 | 0.131819 | 0.769645 | 0.4454 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.010017 | | | |
| _BG--C | -0.025263 | | | |
| _CZ--C | 0.008437 | | | |
| _DK--C | 0.013803 | | | |
| _DE--C | 0.012014 | | | |
| _EE--C | 0.007974 | | | |
| _IE--C | 0.045015 | | | |
| _EL--C | -0.011960 | | | |
| _ES--C | -0.033509 | | | |
| _FR--C | 0.001638 | | | |
| _IT--C | -0.040945 | | | |
| _CY--C | 0.028220 | | | |
| _LV--C | 0.006684 | | | |
| _LT--C | 0.018109 | | | |
| _LU--C | 0.031627 | | | |
| _HU--C | -0.011436 | | | |
| _MT--C | -0.059006 | | | |
| _NL--C | 0.006750 | | | |
| _AT--C | 0.009241 | | | |
| _PL--C | 0.019819 | | | |
| _PT--C | -0.078523 | | | |
| _RO--C | -0.023218 | | | |

| | |
|---|---|
| _SL--C | 0.008007 |
| _SK--C | 0.013414 |
| _FI--C | 0.019315 |
| _SE--C | 0.029757 |
| _UK--C | 0.014056 |
| Fixed Effects (Period) | |
| 1--C | -0.010297 |
| 2--C | -0.003330 |
| 3--C | 0.013628 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.820112 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.693807 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.012157 | Akaike info criterion | -5.686658 |
| Sum squared resid | 0.006946 | Schwarz criterion | -4.681581 |
| Log likelihood | 264.3097 | F-statistic | 6.493137 |
| Durbin-Watson stat | 2.346328 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:26
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.152774 | 0.090811 | 1.682319 | 0.0998 |
| ILPPSRGDPPC? | -0.023111 | 0.025761 | -0.897120 | 0.3747 |
| GFI? | 0.289687 | 0.086446 | 3.351079 | 0.0017 |
| STEA? | -0.171049 | 0.082874 | -2.063964 | 0.0451 |
| LDP? | -2.563351 | 0.702470 | -3.649052 | 0.0007 |
| FDII? | 0.055387 | 0.054445 | 1.017310 | 0.3147 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.012700 | | | |
| _BG--C | -0.029454 | | | |
| _CZ--C | 0.011080 | | | |
| _DK--C | 0.024442 | | | |
| _DE--C | 0.020729 | | | |
| _EE--C | 0.012323 | | | |
| _IE--C | 0.045089 | | | |
| _EL--C | -0.016995 | | | |
| _ES--C | -0.039294 | | | |
| _FR--C | 0.003150 | | | |
| _IT--C | -0.044252 | | | |
| _CY--C | 0.024411 | | | |
| _LV--C | 0.009563 | | | |
| _LT--C | 0.021727 | | | |
| _LU--C | 0.043407 | | | |
| _HU--C | -0.016244 | | | |
| _MT--C | -0.079489 | | | |
| _NL--C | 0.009540 | | | |
| _AT--C | 0.016128 | | | |
| _PL--C | 0.020072 | | | |
| _PT--C | -0.092562 | | | |
| _RO--C | -0.026990 | | | |

| | |
|---|---|
| _SL--C | 0.012085 |
| _SK--C | 0.010729 |
| _FI--C | 0.028863 |
| _SE--C | 0.037706 |
| _UK--C | 0.016808 |
| Fixed Effects (Period) | |
| 1--C | -0.012866 |
| 2--C | -0.003036 |
| 3--C | 0.015902 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.822298 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.685922 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.012516 | Akaike info criterion | -5.623101 |
| Sum squared resid | 0.006736 | Schwarz criterion | -4.588174 |
| Log likelihood | 250.4894 | F-statistic | 6.029641 |
| Durbin-Watson stat | 2.617014 | Prob(F-statistic) | 0.000000 |

### C.3.2 Implicit Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 00:12
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 61
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.068539 | 0.023003 | 2.979577 | 0.0044 |
| ILPPSRGDPPC? | -0.015308 | 0.006259 | -2.445883 | 0.0179 |
| GFI? | 0.080696 | 0.045864 | 1.759462 | 0.0845 |
| STEA? | 0.030950 | 0.012839 | 2.410550 | 0.0196 |
| LDP? | -1.036507 | 0.441732 | -2.346459 | 0.0229 |
| ITRC? | -0.000217 | 0.044015 | -0.004930 | 0.9961 |
| ITRK? | -0.036953 | 0.027132 | -1.361960 | 0.1792 |
| ITRL? | -0.055044 | 0.032254 | -1.706555 | 0.0940 |
| Fixed Effects (Period) | | | | |
| 1--C | -0.001954 | | | |
| 2--C | -0.004924 | | | |
| 3--C | 0.006692 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.745783 | Mean dependent var | 0.033778 |
| Adjusted R-squared | 0.700921 | S.D. dependent var | 0.021900 |
| S.E. of regression | 0.011976 | Akaike info criterion | -5.862922 |
| Sum squared resid | 0.007315 | Schwarz criterion | -5.516877 |
| Log likelihood | 188.8191 | F-statistic | 16.62402 |
| Durbin-Watson stat | 1.291633 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 00:15
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 61
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.069958 | 0.023407 | 2.988794 | 0.0043 |
| ILPPSRGDPPC? | -0.018774 | 0.006028 | -3.114532 | 0.0030 |
| GFI? | 0.072140 | 0.046420 | 1.554067 | 0.1262 |
| STEA? | 0.023937 | 0.012386 | 1.932670 | 0.0587 |
| LDP? | -0.777502 | 0.422400 | -1.840676 | 0.0714 |
| ITRC? | -0.022526 | 0.042795 | -0.526367 | 0.6009 |
| ITRK? | -0.039424 | 0.027587 | -1.429072 | 0.1590 |
| Fixed Effects (Period) | | | | |
| 1--C | -0.002901 | | | |
| 2--C | -0.005115 | | | |
| 3--C | 0.007739 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.731266 | Mean dependent var | 0.033778 |
| Adjusted R-squared | 0.689923 | S.D. dependent var | 0.021900 |
| S.E. of regression | 0.012195 | Akaike info criterion | -5.840176 |
| Sum squared resid | 0.007733 | Schwarz criterion | -5.528735 |
| Log likelihood | 187.1254 | F-statistic | 17.68751 |
| Durbin-Watson stat | 1.221713 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:29
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 61
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.068542 | 0.022770 | 3.010204 | 0.0040 |
| ILPPSRGDPPC? | -0.015313 | 0.006124 | -2.500323 | 0.0156 |
| GFI? | 0.080691 | 0.045410 | 1.776962 | 0.0814 |
| STEA? | 0.030934 | 0.012323 | 2.510205 | 0.0152 |
| LDP? | -1.036284 | 0.435156 | -2.381409 | 0.0209 |
| ITRK? | -0.036985 | 0.026094 | -1.417368 | 0.1623 |
| ITRL? | -0.055091 | 0.030501 | -1.806181 | 0.0767 |
| Fixed Effects (Period) | | | | |
| 1--C | -0.001956 | | | |
| 2--C | -0.004923 | | | |
| 3--C | 0.006693 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.745783 | Mean dependent var | 0.033778 |
| Adjusted R-squared | 0.706673 | S.D. dependent var | 0.021900 |
| S.E. of regression | 0.011861 | Akaike info criterion | -5.895709 |
| Sum squared resid | 0.007315 | Schwarz criterion | -5.584268 |
| Log likelihood | 188.8191 | F-statistic | 19.06871 |
| Durbin-Watson stat | 1.291599 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 00:25
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 75
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.024809 | 0.112894 | -0.219753 | 0.8272 |
| ILPPSRGDPPC? | 0.021235 | 0.028568 | 0.743297 | 0.4615 |
| GFI? | 0.237476 | 0.087379 | 2.717778 | 0.0096 |
| STEA? | -0.120367 | 0.084324 | -1.427428 | 0.1610 |
| LDP? | -2.104717 | 0.755930 | -2.784276 | 0.0081 |
| ITRC? | -0.019164 | 0.141892 | -0.135059 | 0.8932 |
| ITRL? | 0.107909 | 0.163638 | 0.659437 | 0.5133 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033296 | | | |
| _BG--C | 0.020129 | | | |
| _CZ--C | 0.004672 | | | |
| _DK--C | -0.005435 | | | |
| _DE--C | -0.011760 | | | |
| _EE--C | 0.038265 | | | |
| _IE--C | 0.023383 | | | |
| _EL--C | -0.013664 | | | |
| _ES--C | -0.035007 | | | |
| _FR--C | -0.019685 | | | |
| _IT--C | -0.058081 | | | |
| _CY--C | 0.028824 | | | |
| _LV--C | 0.045809 | | | |
| _LT--C | 0.047531 | | | |
| _LU--C | -0.003478 | | | |
| _HU--C | -0.003994 | | | |
| _MT--C | -0.040600 | | | |
| _NL--C | -0.010598 | | | |
| _AT--C | -0.015555 | | | |
| _PL--C | 0.039231 | | | |

| | |
|---|---|
| _PT--C | -0.058669 |
| _SL--C | 0.007366 |
| _SK--C | 0.027020 |
| _FI--C | 0.003477 |
| _SE--C | 0.003954 |
| _UK--C | 0.007057 |
| Fixed Effects (Period) | |
| 1--C | -0.004676 |
| 2--C | -0.003971 |
| 3--C | 0.008647 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.838685 | Mean dependent var | 0.034372 |
| Adjusted R-squared | 0.708846 | S.D. dependent var | 0.021333 |
| S.E. of regression | 0.011511 | Akaike info criterion | -5.788311 |
| Sum squared resid | 0.005432 | Schwarz criterion | -4.737716 |
| Log likelihood | 251.0617 | F-statistic | 6.459429 |
| Durbin-Watson stat | 2.648395 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:29
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 80

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.090447 | 0.087048 | 1.039059 | 0.3042 |
| ILPPSRGDPPC? | -0.009175 | 0.024865 | -0.368974 | 0.7138 |
| GFI? | 0.246065 | 0.086885 | 2.832083 | 0.0068 |
| STEA? | -0.167954 | 0.077418 | -2.169446 | 0.0353 |
| LDP? | -2.573489 | 0.671282 | -3.833695 | 0.0004 |
| ITRC? | 0.166439 | 0.089119 | 1.867597 | 0.0682 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.016096 | | | |
| _BG--C | -0.012275 | | | |
| _CZ--C | 0.016855 | | | |
| _DK--C | -0.004508 | | | |
| _DE--C | 0.014455 | | | |
| _EE--C | 0.025686 | | | |
| _IE--C | 0.034002 | | | |
| _EL--C | -0.011481 | | | |
| _ES--C | -0.032455 | | | |
| _FR--C | -0.005292 | | | |
| _IT--C | -0.046345 | | | |
| _CY--C | 0.031353 | | | |
| _LV--C | 0.024951 | | | |
| _LT--C | 0.035114 | | | |
| _LU--C | 0.018658 | | | |
| _HU--C | -0.020645 | | | |
| _MT--C | -0.069444 | | | |
| _NL--C | -0.003234 | | | |
| _AT--C | 0.006274 | | | |
| _PL--C | 0.028350 | | | |
| _PT--C | -0.088976 | | | |
| _RO--C | -0.000392 | | | |

| | |
|---|---|
| _SL--C | 0.006404 |
| _SK--C | 0.019190 |
| _FI--C | 0.010535 |
| _SE--C | 0.020123 |
| _UK--C | 0.011861 |
| Fixed Effects (Period) | |
| 1--C | -0.010520 |
| 2--C | -0.002858 |
| 3--C | 0.013377 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.830164 | Mean dependent var | 0.035311 |
| Adjusted R-squared | 0.708325 | S.D. dependent var | 0.022066 |
| S.E. of regression | 0.011917 | Akaike info criterion | -5.725029 |
| Sum squared resid | 0.006533 | Schwarz criterion | -4.712668 |
| Log likelihood | 263.0012 | F-statistic | 6.813613 |
| Durbin-Watson stat | 2.383998 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:29
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 61
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.070491 | 0.023225 | 3.035166 | 0.0037 |
| ILPPSRGDPPC? | -0.019654 | 0.005752 | -3.416751 | 0.0012 |
| GFI? | 0.070727 | 0.046025 | 1.536708 | 0.1303 |
| STEA? | 0.021477 | 0.011391 | 1.885388 | 0.0649 |
| LDP? | -0.726762 | 0.408439 | -1.779363 | 0.0809 |
| ITRK? | -0.043299 | 0.026405 | -1.639807 | 0.1070 |
| Fixed Effects (Period) | | | | |
| 1--C | -0.003161 | | | |
| 2--C | -0.005011 | | | |
| 3--C | 0.007871 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.729834 | Mean dependent var | 0.033778 |
| Adjusted R-squared | 0.694152 | S.D. dependent var | 0.021900 |
| S.E. of regression | 0.012111 | Akaike info criterion | -5.867648 |
| Sum squared resid | 0.007774 | Schwarz criterion | -5.590813 |
| Log likelihood | 186.9633 | F-statistic | 20.45371 |
| Durbin-Watson stat | 1.213992 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:29
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 75
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.024200 | 0.111478 | -0.217086 | 0.8292 |
| ILPPSRGDPPC? | 0.021195 | 0.028231 | 0.750757 | 0.4570 |
| GFI? | 0.234004 | 0.082530 | 2.835390 | 0.0070 |
| STEA? | -0.121308 | 0.083048 | -1.460703 | 0.1515 |
| LDP? | -2.115776 | 0.742647 | -2.848966 | 0.0068 |
| ITRL? | 0.098963 | 0.147874 | 0.669240 | 0.5070 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.032715 | | | |
| _BG--C | 0.020131 | | | |
| _CZ--C | 0.005887 | | | |
| _DK--C | -0.007304 | | | |
| _DE--C | -0.010937 | | | |
| _EE--C | 0.038892 | | | |
| _IE--C | 0.022092 | | | |
| _EL--C | -0.012840 | | | |
| _ES--C | -0.034117 | | | |
| _FR--C | -0.019365 | | | |
| _IT--C | -0.057072 | | | |
| _CY--C | 0.028767 | | | |
| _LV--C | 0.046406 | | | |
| _LT--C | 0.048342 | | | |
| _LU--C | -0.004371 | | | |
| _HU--C | -0.004530 | | | |
| _MT--C | -0.041450 | | | |
| _NL--C | -0.011369 | | | |
| _AT--C | -0.015053 | | | |
| _PL--C | 0.039556 | | | |
| _PT--C | -0.059651 | | | |

| | |
|---|---|
| _SL--C | 0.007267 |
| _SK--C | 0.027342 |
| _FI--C | 0.002900 |
| _SE--C | 0.003728 |
| _UK--C | 0.006518 |
| Fixed Effects (Period) | |
| 1--C | -0.004656 |
| 2--C | -0.003886 |
| 3--C | 0.008543 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.838613 | Mean dependent var | 0.034372 |
| Adjusted R-squared | 0.715652 | S.D. dependent var | 0.021333 |
| S.E. of regression | 0.011375 | Akaike info criterion | -5.814533 |
| Sum squared resid | 0.005435 | Schwarz criterion | -4.794838 |
| Log likelihood | 251.0450 | F-statistic | 6.820138 |
| Durbin-Watson stat | 2.652113 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:30
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 59
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.102203 | 0.022640 | 4.514344 | 0.0000 |
| ILPPSRGDPPC? | -0.019994 | 0.006382 | -3.133163 | 0.0030 |
| GFI? | 0.073798 | 0.044833 | 1.646052 | 0.1066 |
| STEA? | 0.023478 | 0.012248 | 1.916895 | 0.0615 |
| LDP? | -0.955504 | 0.418429 | -2.283549 | 0.0271 |
| ITRC? | -0.037368 | 0.070638 | -0.529013 | 0.5993 |
| ITRK? | -0.038472 | 0.027429 | -1.402613 | 0.1674 |
| ITRL? | -0.038032 | 0.048619 | -0.782246 | 0.4381 |
| TE? | -0.014030 | 0.085346 | -0.164392 | 0.8701 |
| NL? | 0.269042 | 0.099504 | 2.703815 | 0.0096 |
| FDII? | 0.016716 | 0.053109 | 0.314741 | 0.7544 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.000712 | | | |
| 2--C | -0.005638 | | | |
| 3--C | 0.004759 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.817737 | Mean dependent var | 0.034307 |
| Adjusted R-squared | 0.770190 | S.D. dependent var | 0.022055 |
| S.E. of regression | 0.010573 | Akaike info criterion | -6.069285 |
| Sum squared resid | 0.005142 | Schwarz criterion | -5.611522 |
| Log likelihood | 192.0439 | F-statistic | 17.19857 |
| Durbin-Watson stat | 1.785232 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:30
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 59
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.106574 | 0.021849 | 4.877842 | 0.0000 |
| ILPPSRGDPPC? | -0.019003 | 0.006229 | -3.050946 | 0.0037 |
| GFI? | 0.059727 | 0.040897 | 1.460437 | 0.1508 |
| STEA? | 0.019780 | 0.011252 | 1.757900 | 0.0853 |
| LDP? | -0.850358 | 0.394613 | -2.154919 | 0.0363 |
| ITRC? | -0.009187 | 0.060509 | -0.151834 | 0.8800 |
| ITRK? | -0.031325 | 0.025755 | -1.216261 | 0.2300 |
| TE? | -0.066780 | 0.052097 | -1.281830 | 0.2062 |
| NL? | 0.226029 | 0.082588 | 2.736812 | 0.0087 |
| FDII? | 0.016335 | 0.052887 | 0.308870 | 0.7588 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.001047 | | | |
| 2--C | -0.005825 | | | |
| 3--C | 0.004650 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.815313 | Mean dependent var | 0.034307 |
| Adjusted R-squared | 0.772088 | S.D. dependent var | 0.022055 |
| S.E. of regression | 0.010529 | Akaike info criterion | -6.089969 |
| Sum squared resid | 0.005210 | Schwarz criterion | -5.667419 |
| Log likelihood | 191.6541 | F-statistic | 18.86220 |
| Durbin-Watson stat | 1.757794 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:30
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 59
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.104650 | 0.021992 | 4.758579 | 0.0000 |
| ILPPSRGDPPC? | -0.018990 | 0.006046 | -3.141073 | 0.0029 |
| GFI? | 0.065696 | 0.041812 | 1.571214 | 0.1228 |
| STEA? | 0.022023 | 0.011843 | 1.859521 | 0.0692 |
| LDP? | -0.899829 | 0.401863 | -2.239142 | 0.0299 |
| ITRK? | -0.035211 | 0.026522 | -1.327640 | 0.1907 |
| ITRL? | -0.024915 | 0.041499 | -0.600366 | 0.5511 |
| TE? | -0.050442 | 0.050075 | -1.007318 | 0.3189 |
| NL? | 0.231248 | 0.068730 | 3.364586 | 0.0015 |
| FDII? | 0.010268 | 0.051294 | 0.200172 | 0.8422 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.000876 | | | |
| 2--C | -0.005631 | | | |
| 3--C | 0.004611 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.816628 | Mean dependent var | 0.034307 |
| Adjusted R-squared | 0.773712 | S.D. dependent var | 0.022055 |
| S.E. of regression | 0.010491 | Akaike info criterion | -6.097118 |
| Sum squared resid | 0.005173 | Schwarz criterion | -5.674568 |
| Log likelihood | 191.8650 | F-statistic | 19.02819 |
| Durbin-Watson stat | 1.761692 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:30
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 71
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.064876 | 0.021581 | 3.006099 | 0.0038 |
| ILPPSRGDPPC? | -0.005859 | 0.005688 | -1.030111 | 0.3070 |
| GFI? | 0.121414 | 0.045957 | 2.641892 | 0.0105 |
| STEA? | 0.022556 | 0.012480 | 1.807275 | 0.0757 |
| LDP? | -1.071598 | 0.385064 | -2.782908 | 0.0072 |
| ITRC? | 0.059553 | 0.058977 | 1.009760 | 0.3166 |
| ITRL? | -0.002530 | 0.046857 | -0.054001 | 0.9571 |
| TE? | -0.144444 | 0.059227 | -2.438830 | 0.0177 |
| NL? | 0.067885 | 0.085419 | 0.794725 | 0.4299 |
| FDII? | 0.020553 | 0.039080 | 0.525920 | 0.6009 |

| | | | |
|---|---|---|---|
| R-squared | 0.705942 | Mean dependent var | 0.034928 |
| Adjusted R-squared | 0.662557 | S.D. dependent var | 0.021724 |
| S.E. of regression | 0.012620 | Akaike info criterion | -5.777257 |
| Sum squared resid | 0.009714 | Schwarz criterion | -5.458570 |
| Log likelihood | 215.0926 | F-statistic | 16.27137 |
| Durbin-Watson stat | 1.795244 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:30
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 76

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.070529 | 0.020586 | 3.426139 | 0.0011 |
| ILPPSRGDPPC? | -0.003916 | 0.005885 | -0.665374 | 0.5081 |
| GFI? | 0.108886 | 0.046052 | 2.364409 | 0.0210 |
| STEA? | 0.013739 | 0.010866 | 1.264378 | 0.2105 |
| LDP? | -1.119459 | 0.392293 | -2.853634 | 0.0057 |
| ITRC? | 0.162857 | 0.054309 | 2.998714 | 0.0038 |
| TE? | -0.200897 | 0.043683 | -4.598933 | 0.0000 |
| NL? | 0.013611 | 0.084184 | 0.161677 | 0.8720 |
| FDII? | 0.011345 | 0.042388 | 0.267639 | 0.7898 |

| | | | |
|---|---|---|---|
| R-squared | 0.659374 | Mean dependent var | 0.035879 |
| Adjusted R-squared | 0.618702 | S.D. dependent var | 0.022434 |
| S.E. of regression | 0.013853 | Akaike info criterion | -5.609850 |
| Sum squared resid | 0.012857 | Schwarz criterion | -5.333842 |
| Log likelihood | 222.1743 | F-statistic | 16.21206 |
| Durbin-Watson stat | 1.654440 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:31
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 59
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.106886 | 0.021529 | 4.964696 | 0.0000 |
| ILPPSRGDPPC? | -0.018783 | 0.005996 | -3.132805 | 0.0029 |
| GFI? | 0.058647 | 0.039862 | 1.471267 | 0.1477 |
| STEA? | 0.019721 | 0.011130 | 1.771781 | 0.0828 |
| LDP? | -0.843908 | 0.388307 | -2.173304 | 0.0347 |
| ITRK? | -0.031061 | 0.025434 | -1.221252 | 0.2280 |
| TE? | -0.072833 | 0.033190 | -2.194402 | 0.0331 |
| NL? | 0.218400 | 0.064877 | 3.366385 | 0.0015 |
| FDII? | 0.014236 | 0.050526 | 0.281760 | 0.7793 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.001063 | | | |
| 2--C | -0.005801 | | | |
| 3--C | 0.004614 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.815222 | Mean dependent var | 0.034307 |
| Adjusted R-squared | 0.776727 | S.D. dependent var | 0.022055 |
| S.E. of regression | 0.010421 | Akaike info criterion | -6.123377 |
| Sum squared resid | 0.005213 | Schwarz criterion | -5.736039 |
| Log likelihood | 191.6396 | F-statistic | 21.17713 |
| Durbin-Watson stat | 1.754400 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 01:09
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 71
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.060758 | 0.021196 | 2.866498 | 0.0057 |
| ILPPSRGDPPC? | -0.006489 | 0.005655 | -1.147509 | 0.2556 |
| GFI? | 0.134403 | 0.044128 | 3.045777 | 0.0034 |
| STEA? | 0.026776 | 0.011762 | 2.276508 | 0.0263 |
| LDP? | -1.046879 | 0.384346 | -2.723793 | 0.0084 |
| ITRL? | -0.014181 | 0.045422 | -0.312211 | 0.7559 |
| TE? | -0.105757 | 0.045173 | -2.341168 | 0.0225 |
| NL? | 0.118537 | 0.069150 | 1.714204 | 0.0915 |
| FDII? | 0.030762 | 0.037755 | 0.814785 | 0.4183 |

| | | | |
|---|---|---|---|
| R-squared | 0.701027 | Mean dependent var | 0.034928 |
| Adjusted R-squared | 0.662450 | S.D. dependent var | 0.021724 |
| S.E. of regression | 0.012622 | Akaike info criterion | -5.788850 |
| Sum squared resid | 0.009877 | Schwarz criterion | -5.502031 |
| Log likelihood | 214.5042 | F-statistic | 18.17209 |
| Durbin-Watson stat | 1.795767 | Prob(F-statistic) | 0.000000 |

### C.3.3 Top Income Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 16:58
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.183671 | 0.083147 | 2.208979 | 0.0322 |
| ILPPSRGDPPC? | -0.015652 | 0.023938 | -0.653851 | 0.5165 |
| GFI? | 0.268304 | 0.077970 | 3.441126 | 0.0012 |
| STEA? | -0.154369 | 0.072488 | -2.129583 | 0.0386 |
| LDP? | -2.601728 | 0.631090 | -4.122593 | 0.0002 |
| TCITR? | -0.032843 | 0.044810 | -0.732938 | 0.4673 |
| TPITR? | -0.103543 | 0.050838 | -2.036727 | 0.0475 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.006228 | | | |
| _BG--C | -0.031471 | | | |
| _CZ--C | 0.001691 | | | |
| _DK--C | 0.038855 | | | |
| _DE--C | 0.025880 | | | |
| _EE--C | -0.003759 | | | |
| _IE--C | 0.043035 | | | |
| _EL--C | -0.016886 | | | |
| _ES--C | -0.029533 | | | |
| _FR--C | 0.013526 | | | |
| _IT--C | -0.038672 | | | |
| _CY--C | 0.014173 | | | |
| _LV--C | -0.008965 | | | |
| _LT--C | 0.008171 | | | |
| _LU--C | 0.033742 | | | |
| _HU--C | -0.020034 | | | |
| _MT--C | -0.076348 | | | |
| _NL--C | 0.019981 | | | |
| _AT--C | 0.017119 | | | |
| _PL--C | 0.017534 | | | |

| | |
|---|---|
| _PT--C | -0.088407 |
| _RO--C | -0.031723 |
| _SL--C | 0.013675 |
| _SK--C | 0.003538 |
| _FI--C | 0.034671 |
| _SE--C | 0.044740 |
| _UK--C | 0.009238 |
| Fixed Effects (Period) | |
| 1--C | -0.006955 |
| 2--C | -0.002995 |
| 3--C | 0.009950 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.843144 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.727207 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.011475 | Akaike info criterion | -5.798974 |
| Sum squared resid | 0.006057 | Schwarz criterion | -4.764336 |
| Log likelihood | 269.8585 | F-statistic | 7.272432 |
| Durbin-Watson stat | 2.648945 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:30
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.165690 | 0.085402 | 1.940132 | 0.0584 |
| ILPPSRGDPPC? | -0.025882 | 0.024176 | -1.070571 | 0.2898 |
| GFI? | 0.292614 | 0.079589 | 3.676544 | 0.0006 |
| STEA? | -0.142405 | 0.074630 | -1.908147 | 0.0625 |
| LDP? | -2.530334 | 0.650878 | -3.887570 | 0.0003 |
| TCITR? | -0.072845 | 0.041604 | -1.750924 | 0.0865 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.000124 | | | |
| _BG--C | -0.032425 | | | |
| _CZ--C | 0.005889 | | | |
| _DK--C | 0.021755 | | | |
| _DE--C | 0.026783 | | | |
| _EE--C | 0.003103 | | | |
| _IE--C | 0.042877 | | | |
| _EL--C | -0.011661 | | | |
| _ES--C | -0.029603 | | | |
| _FR--C | 0.008278 | | | |
| _IT--C | -0.031019 | | | |
| _CY--C | 0.019538 | | | |
| _LV--C | -0.004184 | | | |
| _LT--C | 0.007777 | | | |
| _LU--C | 0.046585 | | | |
| _HU--C | -0.026074 | | | |
| _MT--C | -0.060182 | | | |
| _NL--C | 0.013935 | | | |
| _AT--C | 0.013917 | | | |
| _PL--C | 0.012203 | | | |
| _PT--C | -0.079331 | | | |
| _RO--C | -0.033291 | | | |

| | |
|---|---|
| _SL--C | 0.003353 |
| _SK--C | 0.005063 |
| _FI--C | 0.024661 |
| _SE--C | 0.034128 |
| _UK--C | 0.018048 |
| Fixed Effects (Period) | |
| 1--C | -0.009190 |
| 2--C | -0.002962 |
| 3--C | 0.012152 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.828999 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.708934 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.011853 | Akaike info criterion | -5.737323 |
| Sum squared resid | 0.006603 | Schwarz criterion | -4.732246 |
| Log likelihood | 266.3616 | F-statistic | 6.904604 |
| Durbin-Watson stat | 2.357372 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:30
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.174179 | 0.081727 | 2.131223 | 0.0383 |
| ILPPSRGDPPC? | -0.011943 | 0.023281 | -0.512973 | 0.6104 |
| GFI? | 0.265617 | 0.077499 | 3.427356 | 0.0013 |
| STEA? | -0.158629 | 0.071898 | -2.206312 | 0.0323 |
| LDP? | -2.669908 | 0.621116 | -4.298564 | 0.0001 |
| TPITR? | -0.119875 | 0.045469 | -2.636397 | 0.0113 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.004350 | | | |
| _BG--C | -0.028857 | | | |
| _CZ--C | 0.001238 | | | |
| _DK--C | 0.040875 | | | |
| _DE--C | 0.021104 | | | |
| _EE--C | -0.002400 | | | |
| _IE--C | 0.045062 | | | |
| _EL--C | -0.019484 | | | |
| _ES--C | -0.031391 | | | |
| _FR--C | 0.012017 | | | |
| _IT--C | -0.044183 | | | |
| _CY--C | 0.016282 | | | |
| _LV--C | -0.005862 | | | |
| _LT--C | 0.011712 | | | |
| _LU--C | 0.028766 | | | |
| _HU--C | -0.015592 | | | |
| _MT--C | -0.081052 | | | |
| _NL--C | 0.019220 | | | |
| _AT--C | 0.016546 | | | |
| _PL--C | 0.020281 | | | |
| _PT--C | -0.091691 | | | |
| _RO--C | -0.028904 | | | |

| | |
|---|---|
| _SL--C | 0.016897 |
| _SK--C | 0.004852 |
| _FI--C | 0.036552 |
| _SE--C | 0.046613 |
| _UK--C | 0.007047 |
| Fixed Effects (Period) | |
| 1--C | -0.007652 |
| 2--C | -0.003030 |
| 3--C | 0.010682 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.841312 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.729893 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.011418 | Akaike info criterion | -5.812055 |
| Sum squared resid | 0.006127 | Schwarz criterion | -4.806978 |
| Log likelihood | 269.3882 | F-statistic | 7.550882 |
| Durbin-Watson stat | 2.723491 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:07
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.068056 | 0.019720 | 3.451155 | 0.0010 |
| ILPPSRGDPPC? | 0.007139 | 0.006564 | 1.087626 | 0.2808 |
| GFI? | 0.126707 | 0.044177 | 2.868170 | 0.0056 |
| STEA? | 0.009705 | 0.010769 | 0.901162 | 0.3708 |
| LDP? | -1.386603 | 0.399062 | -3.474658 | 0.0009 |
| TCITR? | -0.092828 | 0.026667 | -3.481061 | 0.0009 |
| TPITR? | -0.030578 | 0.032917 | -0.928952 | 0.3564 |
| TE? | -0.091822 | 0.045130 | -2.034618 | 0.0460 |
| NL? | 0.126736 | 0.076125 | 1.664843 | 0.1008 |
| FDII? | 0.019176 | 0.040644 | 0.471805 | 0.6386 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.007875 | | | |
| 2--C | -0.004357 | | | |
| 3--C | -0.003258 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.703388 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.653192 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.013152 | Akaike info criterion | -5.682211 |
| Sum squared resid | 0.011243 | Schwarz criterion | -5.316943 |
| Log likelihood | 230.7651 | F-statistic | 14.01283 |
| Durbin-Watson stat | 1.723387 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:10
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.068883 | 0.019679 | 3.500340 | 0.0008 |
| ILPPSRGDPPC? | 0.006197 | 0.006479 | 0.956567 | 0.3423 |
| GFI? | 0.135894 | 0.043011 | 3.159543 | 0.0024 |
| STEA? | 0.009338 | 0.010751 | 0.868610 | 0.3882 |
| LDP? | -1.471988 | 0.387929 | -3.794481 | 0.0003 |
| TCITR? | -0.098349 | 0.025969 | -3.787175 | 0.0003 |
| TE? | -0.119879 | 0.033498 | -3.578721 | 0.0007 |
| NL? | 0.097463 | 0.069224 | 1.407925 | 0.1638 |
| FDII? | 0.028365 | 0.039381 | 0.720261 | 0.4739 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.007208 | | | |
| 2--C | -0.004604 | | | |
| 3--C | -0.002411 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.699450 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.653912 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.013138 | Akaike info criterion | -5.694997 |
| Sum squared resid | 0.011393 | Schwarz criterion | -5.360167 |
| Log likelihood | 230.2574 | F-statistic | 15.35972 |
| Durbin-Watson stat | 1.713503 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:13
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.209836 | 0.102629 | 2.044605 | 0.0475 |
| ILPPSRGDPPC? | -0.021578 | 0.028375 | -0.760451 | 0.4514 |
| GFI? | 0.282088 | 0.090305 | 3.123736 | 0.0033 |
| STEA? | -0.145883 | 0.086602 | -1.684524 | 0.0999 |
| LDP? | -2.656881 | 0.684460 | -3.881719 | 0.0004 |
| TPITR? | -0.097427 | 0.055204 | -1.764840 | 0.0852 |
| TE? | -0.076037 | 0.116977 | -0.650021 | 0.5194 |
| NL? | -0.018312 | 0.177659 | -0.103073 | 0.9184 |
| FDII? | 0.032288 | 0.054232 | 0.595375 | 0.5549 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.008562 | | | |
| _BG--C | -0.040087 | | | |
| _CZ--C | -0.001868 | | | |
| _DK--C | 0.048959 | | | |
| _DE--C | 0.025914 | | | |
| _EE--C | -0.013930 | | | |
| _IE--C | 0.042847 | | | |
| _EL--C | -0.014591 | | | |
| _ES--C | -0.029887 | | | |
| _FR--C | 0.021641 | | | |
| _IT--C | -0.033763 | | | |
| _CY--C | 0.015921 | | | |
| _LV--C | -0.017010 | | | |
| _LT--C | 0.000770 | | | |
| _LU--C | 0.043092 | | | |
| _HU--C | -0.014888 | | | |
| _MT--C | -0.076350 | | | |
| _NL--C | 0.023414 | | | |
| _AT--C | 0.025393 | | | |

| | |
|---|---|
| _PL--C | 0.014534 |
| _PT--C | -0.085135 |
| _RO--C | -0.042442 |
| _SL--C | 0.016466 |
| _SK--C | -0.001880 |
| _FI--C | 0.043756 |
| _SE--C | 0.056487 |
| _UK--C | 0.011129 |
| Fixed Effects (Period) | |
| 1--C | -0.007916 |
| 2--C | -0.003153 |
| 3--C | 0.011070 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.844314 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.704197 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.012146 | Akaike info criterion | -5.677446 |
| Sum squared resid | 0.005901 | Schwarz criterion | -4.551201 |
| Log likelihood | 255.5817 | F-statistic | 6.025759 |
| Durbin-Watson stat | 2.847850 | Prob(F-statistic) | 0.000000 |

### C.3.4 Tax Structure Variables

Method: Pooled Least Squares
Date: 04/13/14 Time: 17:35
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.142102 | 0.087529 | 1.623471 | 0.1115 |
| ILPPSRGDPPC? | -0.020530 | 0.023741 | -0.864747 | 0.3918 |
| GFI? | 0.278801 | 0.077466 | 3.598996 | 0.0008 |
| STEA? | -0.107012 | 0.072057 | -1.485114 | 0.1445 |
| LDP? | -2.331217 | 0.591455 | -3.941498 | 0.0003 |
| TT? | -0.164229 | 0.131718 | -1.246825 | 0.2189 |
| CT? | 0.497779 | 0.140219 | 3.550018 | 0.0009 |
| KT? | -0.479068 | 0.240263 | -1.993931 | 0.0522 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.023514 | | | |
| _BG--C | -0.051760 | | | |
| _CZ--C | 0.002238 | | | |
| _DK--C | 0.015948 | | | |
| _DE--C | 0.015399 | | | |
| _EE--C | -0.024008 | | | |
| _IE--C | 0.044186 | | | |
| _EL--C | -0.013497 | | | |
| _ES--C | -0.008058 | | | |
| _FR--C | 0.028281 | | | |
| _IT--C | -0.001690 | | | |
| _CY--C | 0.024501 | | | |
| _LV--C | -0.021555 | | | |
| _LT--C | -0.015453 | | | |
| _LU--C | 0.073811 | | | |
| _HU--C | -0.040485 | | | |
| _MT--C | -0.063829 | | | |
| _NL--C | 0.013459 | | | |
| _AT--C | 0.016276 | | | |

| | |
|---|---|
| _PL--C | 0.009071 |
| _PT--C | -0.076169 |
| _RO--C | -0.037052 |
| _SL--C | -0.017952 |
| _SK--C | -0.000220 |
| _FI--C | 0.031334 |
| _SE--C | 0.043074 |
| _UK--C | 0.030635 |
| Fixed Effects (Period) | |
| 1--C | -0.010043 |
| 2--C | -0.003181 |
| 3--C | 0.013224 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.866322 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.762351 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.010710 | Akaike info criterion | -5.934180 |
| Sum squared resid | 0.005162 | Schwarz criterion | -4.869981 |
| Log likelihood | 276.3343 | F-statistic | 8.332314 |
| Durbin-Watson stat | 2.533648 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:37
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114529 | 0.090933 | 1.259496 | 0.2143 |
| ILPPSRGDPPC? | -0.011975 | 0.024783 | -0.483206 | 0.6313 |
| GFI? | 0.307028 | 0.077723 | 3.950277 | 0.0003 |
| STEA? | -0.157758 | 0.074470 | -2.118420 | 0.0397 |
| LDP? | -2.285644 | 0.607188 | -3.764308 | 0.0005 |
| TT? | -0.124314 | 0.132792 | -0.936157 | 0.3542 |
| KT? | -0.530422 | 0.251421 | -2.109695 | 0.0405 |
| LT? | 0.460667 | 0.142667 | 3.228956 | 0.0023 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020144 | | | |
| _BG--C | -0.007092 | | | |
| _CZ--C | 0.001122 | | | |
| _DK--C | -0.006175 | | | |
| _DE--C | -0.016519 | | | |
| _EE--C | -0.008574 | | | |
| _IE--C | 0.065783 | | | |
| _EL--C | 0.006547 | | | |
| _ES--C | -0.028794 | | | |
| _FR--C | -0.001842 | | | |
| _IT--C | -0.034634 | | | |
| _CY--C | 0.058033 | | | |
| _LV--C | 0.002567 | | | |
| _LT--C | 0.010736 | | | |
| _LU--C | 0.065358 | | | |
| _HU--C | -0.030104 | | | |
| _MT--C | -0.050969 | | | |
| _NL--C | -0.002853 | | | |
| _AT--C | -0.014413 | | | |
| _PL--C | 0.037259 | | | |

| | |
|---|---|
| _PT--C | -0.069644 |
| _RO--C | -0.003043 |
| _SL--C | -0.020289 |
| _SK--C | 0.025175 |
| _FI--C | 0.011336 |
| _SE--C | -0.012650 |
| _UK--C | 0.043822 |
| Fixed Effects (Period) | |
| 1--C | -0.012803 |
| 2--C | -0.004365 |
| 3--C | 0.017167 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.861073 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.753019 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.010918 | Akaike info criterion | -5.895664 |
| Sum squared resid | 0.005364 | Schwarz criterion | -4.831464 |
| Log likelihood | 274.7744 | F-statistic | 7.968904 |
| Durbin-Watson stat | 2.505291 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:40
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.163485 | 0.089871 | 1.819108 | 0.0756 |
| ILPPSRGDPPC? | -0.021895 | 0.024826 | -0.881938 | 0.3825 |
| GFI? | 0.279785 | 0.080128 | 3.491735 | 0.0011 |
| STEA? | -0.109953 | 0.076081 | -1.445209 | 0.1553 |
| LDP? | -2.309147 | 0.615671 | -3.750621 | 0.0005 |
| TT? | -0.316004 | 0.116930 | -2.702507 | 0.0097 |
| CT? | 0.318512 | 0.182590 | 1.744409 | 0.0879 |
| LT? | 0.157156 | 0.177534 | 0.885218 | 0.3807 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.012344 | | | |
| _BG--C | -0.040202 | | | |
| _CZ--C | -0.001269 | | | |
| _DK--C | 0.028252 | | | |
| _DE--C | 0.014238 | | | |
| _EE--C | -0.009211 | | | |
| _IE--C | 0.039847 | | | |
| _EL--C | -0.017526 | | | |
| _ES--C | -0.024387 | | | |
| _FR--C | 0.017504 | | | |
| _IT--C | -0.018766 | | | |
| _CY--C | 0.018562 | | | |
| _LV--C | -0.011553 | | | |
| _LT--C | -0.004388 | | | |
| _LU--C | 0.052155 | | | |
| _HU--C | -0.022805 | | | |
| _MT--C | -0.062743 | | | |
| _NL--C | 0.012486 | | | |
| _AT--C | 0.017093 | | | |
| _PL--C | 0.007282 | | | |

| | |
|---|---|
| _PT--C | -0.076955 |
| _RO--C | -0.028167 |
| _SL--C | -0.001481 |
| _SK--C | -0.001058 |
| _FI--C | 0.034119 |
| _SE--C | 0.047203 |
| _UK--C | 0.019426 |
| Fixed Effects (Period) | |
| 1--C | -0.009230 |
| 2--C | -0.003722 |
| 3--C | 0.012952 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.857002 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.745782 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.011077 | Akaike info criterion | -5.866781 |
| Sum squared resid | 0.005522 | Schwarz criterion | -4.802581 |
| Log likelihood | 273.6046 | F-statistic | 7.705429 |
| Durbin-Watson stat | 2.497385 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:43
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.126583 | 0.096289 | 1.314614 | 0.1963 |
| ILPPSRGDPPC? | -0.015873 | 0.025799 | -0.615240 | 0.5420 |
| GFI? | 0.265722 | 0.082836 | 3.207788 | 0.0027 |
| STEA? | -0.089128 | 0.080898 | -1.101737 | 0.2773 |
| LDP? | -2.417447 | 0.636420 | -3.798510 | 0.0005 |
| TT? | -0.162157 | 0.141356 | -1.147152 | 0.2583 |
| CT? | 0.522997 | 0.160499 | 3.258565 | 0.0023 |
| KT? | -0.577210 | 0.294893 | -1.957355 | 0.0575 |
| NL? | 0.175529 | 0.129663 | 1.353734 | 0.1836 |
| FDII? | -0.027382 | 0.055951 | -0.489397 | 0.6273 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.029276 | | | |
| _BG--C | -0.050275 | | | |
| _CZ--C | 0.006066 | | | |
| _DK--C | 0.006048 | | | |
| _DE--C | 0.011927 | | | |
| _EE--C | -0.030767 | | | |
| _IE--C | 0.043145 | | | |
| _EL--C | -0.002824 | | | |
| _ES--C | -0.000688 | | | |
| _FR--C | 0.032730 | | | |
| _IT--C | 0.007571 | | | |
| _CY--C | 0.031173 | | | |
| _LV--C | -0.024115 | | | |
| _LT--C | -0.017551 | | | |
| _LU--C | 0.073671 | | | |
| _HU--C | -0.033212 | | | |
| _MT--C | -0.046086 | | | |
| _NL--C | 0.012364 | | | |

| | |
|---|---|
| _AT--C | 0.014020 |
| _PL--C | 0.014717 |
| _PT--C | -0.062685 |
| _RO--C | -0.032675 |
| _SL--C | -0.020806 |
| _SK--C | 0.008515 |
| _FI--C | 0.022591 |
| _SE--C | 0.036027 |
| _UK--C | 0.033363 |
| Fixed Effects (Period) | |
| 1--C | -0.007394 |
| 2--C | -0.003272 |
| 3--C | 0.010666 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.870869 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.748359 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.011203 | Akaike info criterion | -5.838483 |
| Sum squared resid | 0.004895 | Schwarz criterion | -4.681799 |
| Log likelihood | 262.7816 | F-statistic | 7.108594 |
| Durbin-Watson stat | 2.467098 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:48
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.095908 | 0.093580 | 1.024875 | 0.3117 |
| ILPPSRGDPPC? | -0.000440 | 0.025578 | -0.017212 | 0.9864 |
| GFI? | 0.256992 | 0.079468 | 3.233883 | 0.0025 |
| STEA? | -0.151196 | 0.077553 | -1.949567 | 0.0584 |
| LDP? | -2.206209 | 0.616511 | -3.578543 | 0.0009 |
| TT? | -0.164213 | 0.135313 | -1.213578 | 0.2322 |
| KT? | -0.652894 | 0.284649 | -2.293679 | 0.0273 |
| LT? | 0.591842 | 0.152524 | 3.880313 | 0.0004 |
| NL? | 0.340423 | 0.131151 | 2.595652 | 0.0132 |
| FDII? | 0.016343 | 0.050182 | 0.325671 | 0.7464 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.028455 | | | |
| _BG--C | -0.000307 | | | |
| _CZ--C | 0.009975 | | | |
| _DK--C | -0.031432 | | | |
| _DE--C | -0.028567 | | | |
| _EE--C | -0.015416 | | | |
| _IE--C | 0.056460 | | | |
| _EL--C | 0.026179 | | | |
| _ES--C | -0.028035 | | | |
| _FR--C | -0.004641 | | | |
| _IT--C | -0.029859 | | | |
| _CY--C | 0.065953 | | | |
| _LV--C | 0.006581 | | | |
| _LT--C | 0.016130 | | | |
| _LU--C | 0.048649 | | | |
| _HU--C | -0.015434 | | | |
| _MT--C | -0.032096 | | | |
| _NL--C | -0.014928 | | | |

| | |
|---|---|
| _AT--C | -0.025000 |
| _PL--C | 0.053167 |
| _PT--C | -0.053021 |
| _RO--C | 0.015006 |
| _SL--C | -0.024108 |
| _SK--C | 0.045796 |
| _FI--C | -0.011930 |
| _SE--C | -0.040288 |
| _UK--C | 0.044373 |
| Fixed Effects (Period) | |
| 1--C | -0.007584 |
| 2--C | -0.005484 |
| 3--C | 0.013068 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.881472 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.769021 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.010733 | Akaike info criterion | -5.924160 |
| Sum squared resid | 0.004493 | Schwarz criterion | -4.767477 |
| Log likelihood | 266.0802 | F-statistic | 7.838780 |
| Durbin-Watson stat | 2.644685 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:46
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.162674 | 0.094195 | 1.726997 | 0.0921 |
| ILPPSRGDPPC? | -0.015383 | 0.026400 | -0.582713 | 0.5634 |
| GFI? | 0.252278 | 0.084321 | 2.991874 | 0.0048 |
| STEA? | -0.129062 | 0.084348 | -1.530114 | 0.1341 |
| LDP? | -2.230835 | 0.652615 | -3.418303 | 0.0015 |
| TT? | -0.334968 | 0.125336 | -2.672555 | 0.0109 |
| CT? | 0.149237 | 0.210496 | 0.708979 | 0.4826 |
| LT? | 0.337112 | 0.207236 | 1.626708 | 0.1119 |
| NL? | 0.246363 | 0.142361 | 1.730550 | 0.0914 |
| FDII? | 0.044550 | 0.052898 | 0.842191 | 0.4048 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008534 | | | |
| _BG--C | -0.027600 | | | |
| _CZ--C | 0.006642 | | | |
| _DK--C | 0.012381 | | | |
| _DE--C | 0.004488 | | | |
| _EE--C | -0.006903 | | | |
| _IE--C | 0.035507 | | | |
| _EL--C | -0.000729 | | | |
| _ES--C | -0.033822 | | | |
| _FR--C | 0.008629 | | | |
| _IT--C | -0.026497 | | | |
| _CY--C | 0.028124 | | | |
| _LV--C | -0.000935 | | | |
| _LT--C | 0.009184 | | | |
| _LU--C | 0.038405 | | | |
| _HU--C | -0.006071 | | | |
| _MT--C | -0.053955 | | | |
| _NL--C | 0.001755 | | | |

| | |
|---|---|
| _AT--C | 0.007843 |
| _PL--C | 0.024620 |
| _PT--C | -0.068789 |
| _RO--C | -0.010489 |
| _SL--C | 0.002438 |
| _SK--C | 0.018405 |
| _FI--C | 0.016755 |
| _SE--C | 0.020785 |
| _UK--C | 0.020680 |
| Fixed Effects (Period) | |
| 1--C | -0.006546 |
| 2--C | -0.004850 |
| 3--C | 0.011396 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.867194 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.741199 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.011361 | Akaike info criterion | -5.810425 |
| Sum squared resid | 0.005034 | Schwarz criterion | -4.653741 |
| Log likelihood | 261.7013 | F-statistic | 6.882748 |
| Durbin-Watson stat | 2.717422 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:50
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.135117 | 0.084876 | 1.591930 | 0.1184 |
| ILPPSRGDPPC? | -0.048844 | 0.024061 | -2.030004 | 0.0483 |
| GFI? | 0.310318 | 0.074294 | 4.176894 | 0.0001 |
| STEA? | -0.035992 | 0.072399 | -0.497135 | 0.6215 |
| LDP? | -2.084770 | 0.589212 | -3.538230 | 0.0009 |
| TT? | -0.088711 | 0.115048 | -0.771076 | 0.4447 |
| ET? | 1.824542 | 0.447815 | 4.074321 | 0.0002 |
| PT? | -1.616529 | 0.891731 | -1.812799 | 0.0765 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.050377 | | | |
| _BG--C | -0.066542 | | | |
| _CZ--C | -0.029848 | | | |
| _DK--C | 0.006806 | | | |
| _DE--C | 0.011878 | | | |
| _EE--C | -0.030179 | | | |
| _IE--C | 0.045375 | | | |
| _EL--C | 0.002221 | | | |
| _ES--C | 0.023035 | | | |
| _FR--C | 0.048285 | | | |
| _IT--C | 0.001101 | | | |
| _CY--C | 0.013725 | | | |
| _LV--C | -0.033507 | | | |
| _LT--C | -0.028340 | | | |
| _LU--C | 0.075857 | | | |
| _HU--C | -0.041004 | | | |
| _MT--C | -0.036711 | | | |
| _NL--C | 0.010742 | | | |
| _AT--C | 0.009901 | | | |
| _PL--C | -0.008211 | | | |

| | |
|---|---|
| _PT--C | -0.048323 |
| _RO--C | -0.057107 |
| _SL--C | -0.029152 |
| _SK--C | -0.028111 |
| _FI--C | 0.021987 |
| _SE--C | 0.044072 |
| _UK--C | 0.071672 |
| Fixed Effects (Period) | |
| 1--C | -0.011861 |
| 2--C | -0.003018 |
| 3--C | 0.014879 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.873286 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.774731 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.010427 | Akaike info criterion | -5.987678 |
| Sum squared resid | 0.004893 | Schwarz criterion | -4.923479 |
| Log likelihood | 278.5010 | F-statistic | 8.860870 |
| Durbin-Watson stat | 2.311838 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:52
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (balanced) observations: 81

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.143759 | 0.087782 | 1.637682 | 0.1086 |
| ILPPSRGDPPC? | -0.048563 | 0.024286 | -1.999640 | 0.0517 |
| GFI? | 0.304934 | 0.075918 | 4.016642 | 0.0002 |
| STEA? | -0.046226 | 0.076533 | -0.604000 | 0.5489 |
| LDP? | -2.132786 | 0.604082 | -3.530623 | 0.0010 |
| TT? | -0.092343 | 0.116366 | -0.793561 | 0.4317 |
| ET? | 1.833525 | 0.452288 | 4.053888 | 0.0002 |
| RTIP? | -2.021796 | 1.275357 | -1.585279 | 0.1201 |
| OPT? | -1.228045 | 1.249104 | -0.983141 | 0.3309 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.048459 | | | |
| _BG--C | -0.067382 | | | |
| _CZ--C | -0.028184 | | | |
| _DK--C | 0.011719 | | | |
| _DE--C | 0.013454 | | | |
| _EE--C | -0.026959 | | | |
| _IE--C | 0.047359 | | | |
| _EL--C | -0.004335 | | | |
| _ES--C | 0.016652 | | | |
| _FR--C | 0.049107 | | | |
| _IT--C | -0.002892 | | | |
| _CY--C | 0.013384 | | | |
| _LV--C | -0.028989 | | | |
| _LT--C | -0.026415 | | | |
| _LU--C | 0.069700 | | | |
| _HU--C | -0.041923 | | | |
| _MT--C | -0.046326 | | | |
| _NL--C | 0.008408 | | | |
| _AT--C | 0.010596 | | | |

| | |
|---|---|
| _PL--C | -0.002252 |
| _PT--C | -0.054084 |
| _RO--C | -0.056268 |
| _SL--C | -0.027282 |
| _SK--C | -0.024804 |
| _FI--C | 0.021898 |
| _SE--C | 0.047183 |
| _UK--C | 0.080177 |
| Fixed Effects (Period) | |
| 1--C | -0.012333 |
| 2--C | -0.002928 |
| 3--C | 0.015262 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.873862 | Mean dependent var | 0.035161 |
| Adjusted R-squared | 0.770659 | S.D. dependent var | 0.021970 |
| S.E. of regression | 0.010521 | Akaike info criterion | -5.967545 |
| Sum squared resid | 0.004871 | Schwarz criterion | -4.873785 |
| Log likelihood | 278.6856 | F-statistic | 8.467366 |
| Durbin-Watson stat | 2.331280 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:56
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.139774 | 0.092074 | 1.518063 | 0.1371 |
| ILPPSRGDPPC? | -0.048111 | 0.026066 | -1.845743 | 0.0725 |
| GFI? | 0.293393 | 0.080189 | 3.658767 | 0.0007 |
| STEA? | -0.033939 | 0.082965 | -0.409079 | 0.6847 |
| LDP? | -2.081529 | 0.640963 | -3.247502 | 0.0024 |
| TT? | -0.095269 | 0.124523 | -0.765071 | 0.4488 |
| ET? | 1.715196 | 0.485393 | 3.533622 | 0.0011 |
| PT? | -1.672055 | 0.982733 | -1.701434 | 0.0968 |
| NL? | 0.121650 | 0.127573 | 0.953572 | 0.3462 |
| FDII? | 0.031604 | 0.049058 | 0.644212 | 0.5232 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.050360 | | | |
| _BG--C | -0.068063 | | | |
| _CZ--C | -0.024704 | | | |
| _DK--C | 0.008072 | | | |
| _DE--C | 0.014960 | | | |
| _EE--C | -0.032411 | | | |
| _IE--C | 0.042459 | | | |
| _EL--C | 0.010390 | | | |
| _ES--C | 0.025954 | | | |
| _FR--C | 0.052469 | | | |
| _IT--C | 0.007753 | | | |
| _CY--C | 0.015910 | | | |
| _LV--C | -0.032186 | | | |
| _LT--C | -0.025711 | | | |
| _LU--C | 0.073536 | | | |
| _HU--C | -0.032980 | | | |
| _MT--C | -0.030438 | | | |
| _NL--C | 0.012661 | | | |

| | |
|---|---|
| _AT--C | 0.012939 |
| _PL--C | -0.003334 |
| _PT--C | -0.041055 |
| _RO--C | -0.054633 |
| _SL--C | -0.023828 |
| _SK--C | -0.022686 |
| _FI--C | 0.019888 |
| _SE--C | 0.043457 |
| _UK--C | 0.074810 |
| Fixed Effects (Period) | |
| 1--C | -0.010196 |
| 2--C | -0.003319 |
| 3--C | 0.013516 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.875595 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.757570 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.010996 | Akaike info criterion | -5.875774 |
| Sum squared resid | 0.004716 | Schwarz criterion | -4.719090 |
| Log likelihood | 264.2173 | F-statistic | 7.418733 |
| Durbin-Watson stat | 2.432463 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:59
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 77

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.146253 | 0.096451 | 1.516338 | 0.1377 |
| ILPPSRGDPPC? | -0.047991 | 0.026387 | -1.818744 | 0.0768 |
| GFI? | 0.290981 | 0.081690 | 3.561995 | 0.0010 |
| STEA? | -0.042060 | 0.089566 | -0.469592 | 0.6413 |
| LDP? | -2.114324 | 0.660848 | -3.199412 | 0.0028 |
| TT? | -0.097791 | 0.126409 | -0.773606 | 0.4440 |
| ET? | 1.720822 | 0.491773 | 3.499219 | 0.0012 |
| RTIP? | -1.916268 | 1.366411 | -1.402410 | 0.1689 |
| OPT? | -1.394957 | 1.455799 | -0.958208 | 0.3440 |
| NL? | 0.117467 | 0.130118 | 0.902774 | 0.3723 |
| FDII? | 0.029730 | 0.050172 | 0.592566 | 0.5570 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.048266 | | | |
| _BG--C | -0.068418 | | | |
| _CZ--C | -0.023461 | | | |
| _DK--C | 0.011331 | | | |
| _DE--C | 0.016122 | | | |
| _EE--C | -0.029923 | | | |
| _IE--C | 0.043851 | | | |
| _EL--C | 0.005469 | | | |
| _ES--C | 0.020977 | | | |
| _FR--C | 0.052567 | | | |
| _IT--C | 0.004427 | | | |
| _CY--C | 0.015590 | | | |
| _LV--C | -0.029130 | | | |
| _LT--C | -0.024305 | | | |
| _LU--C | 0.070060 | | | |
| _HU--C | -0.033737 | | | |
| _MT--C | -0.037566 | | | |

| | |
|---|---|
| _NL--C | 0.011021 |
| _AT--C | 0.013522 |
| _PL--C | 0.000495 |
| _PT--C | -0.045749 |
| _RO--C | -0.054155 |
| _SL--C | -0.022584 |
| _SK--C | -0.020429 |
| _FI--C | 0.020043 |
| _SE--C | 0.045674 |
| _UK--C | 0.079689 |
| Fixed Effects (Period) | |
| 1--C | -0.010626 |
| 2--C | -0.003230 |
| 3--C | 0.013855 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.875817 | Mean dependent var | 0.035714 |
| Adjusted R-squared | 0.751635 | S.D. dependent var | 0.022333 |
| S.E. of regression | 0.011130 | Akaike info criterion | -5.851586 |
| Sum squared resid | 0.004707 | Schwarz criterion | -4.664464 |
| Log likelihood | 264.2861 | F-statistic | 7.052659 |
| Durbin-Watson stat | 2.438978 | Prob(F-statistic) | 0.000000 |

## C.4 Three Period Panel Regressions (1995-1999, 2000-2003, 2004-2007) with the Potential Real GDP per Capita Growth Rate as the Dependent Variable

### C.4.1 Non-Tax Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 22:45
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.052372 | 0.028785 | 1.819445 | 0.0767 |
| ILPPSRGDPPC? | -0.017202 | 0.017289 | -0.994958 | 0.3261 |
| GFI? | 0.208387 | 0.074096 | 2.812394 | 0.0077 |
| STEA? | -0.021637 | 0.043754 | -0.494516 | 0.6238 |
| LDP? | -1.432768 | 0.498886 | -2.871936 | 0.0066 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.005092 | | | |
| _BG--C | -0.009948 | | | |
| _CZ--C | -0.007976 | | | |
| _DK--C | -0.002012 | | | |
| _DE--C | -0.005747 | | | |
| _EE--C | -0.002883 | | | |
| _IE--C | 0.038559 | | | |
| _EL--C | -0.001009 | | | |
| _ES--C | -0.010154 | | | |
| _FR--C | -0.003021 | | | |
| _IT--C | -0.017789 | | | |
| _CY--C | 0.013472 | | | |
| _LV--C | 0.004198 | | | |
| _LT--C | 0.007763 | | | |
| _LU--C | 0.030910 | | | |
| _HU--C | -0.011769 | | | |
| _MT--C | -0.014708 | | | |
| _NL--C | 0.002823 | | | |

| | |
|---|---|
| _AT--C | -0.003540 |
| _PL--C | 0.003045 |
| _PT--C | -0.027565 |
| _RO--C | -0.014337 |
| _SL--C | -0.001976 |
| _SK--C | -0.001862 |
| _FI--C | 0.007997 |
| _SE--C | 0.010652 |
| _UK--C | 0.009643 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.905069 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.830123 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007335 | Akaike info criterion | -6.690301 |
| Sum squared resid | 0.002044 | Schwarz criterion | -5.686572 |
| Log likelihood | 261.8154 | F-statistic | 12.07629 |
| Durbin-Watson stat | 2.800797 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/10/14 Time: 22:55
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.155765 | 0.050922 | 3.058875 | 0.0046 |
| ILPPSRGDPPC? | -0.037812 | 0.017614 | -2.146784 | 0.0397 |
| GFI? | 0.192433 | 0.074594 | 2.579730 | 0.0149 |
| STEA? | -0.030346 | 0.043712 | -0.694233 | 0.4927 |
| LDP? | -1.184227 | 0.450099 | -2.631036 | 0.0131 |
| TE? | -0.087157 | 0.084259 | -1.034391 | 0.3090 |
| NL? | 0.129073 | 0.115899 | 1.113666 | 0.2740 |
| FDII? | 0.089350 | 0.030379 | 2.941190 | 0.0061 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.002567 | | | |
| _BG--C | -0.042627 | | | |
| _CZ--C | -0.006462 | | | |
| _DK--C | 0.012013 | | | |
| _DE--C | 0.009926 | | | |
| _EE--C | -0.025458 | | | |
| _IE--C | 0.027027 | | | |
| _EL--C | 0.006856 | | | |
| _ES--C | -0.013808 | | | |
| _FR--C | 0.012491 | | | |
| _IT--C | -0.005107 | | | |
| _CY--C | 0.007316 | | | |
| _LV--C | -0.013546 | | | |
| _LT--C | -0.007250 | | | |
| _LU--C | 0.039003 | | | |
| _HU--C | -0.006069 | | | |
| _MT--C | -0.022249 | | | |
| _NL--C | 0.010416 | | | |
| _AT--C | 0.014831 | | | |
| _PL--C | -0.002768 | | | |

| | |
|---|---|
| _PT--C | -0.027806 |
| _RO--C | -0.039493 |
| _SL--C | 0.003671 |
| _SK--C | -0.011357 |
| _FI--C | 0.014934 |
| _SE--C | 0.023909 |
| _UK--C | 0.013034 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.941189 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.878584 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006350 | Akaike info criterion | -6.975073 |
| Sum squared resid | 0.001250 | Schwarz criterion | -5.837701 |
| Log likelihood | 260.6899 | F-statistic | 15.03380 |
| Durbin-Watson stat | 2.934030 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:27
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.145436 | 0.055123 | 2.638418 | 0.0122 |
| ILPPSRGDPPC? | -0.036855 | 0.018723 | -1.968482 | 0.0567 |
| GFI? | 0.231103 | 0.077743 | 2.972655 | 0.0052 |
| STEA? | -0.006039 | 0.043562 | -0.138621 | 0.8905 |
| LDP? | -1.488215 | 0.469960 | -3.166687 | 0.0031 |
| TE? | -0.112420 | 0.088001 | -1.277480 | 0.2096 |
| NL? | 0.065052 | 0.114608 | 0.567605 | 0.5738 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.007445 | | | |
| _BG--C | -0.040268 | | | |
| _CZ--C | -0.016072 | | | |
| _DK--C | 0.012067 | | | |
| _DE--C | 0.002024 | | | |
| _EE--C | -0.033257 | | | |
| _IE--C | 0.032484 | | | |
| _EL--C | 0.003066 | | | |
| _ES--C | -0.010826 | | | |
| _FR--C | 0.012964 | | | |
| _IT--C | -0.004821 | | | |
| _CY--C | 0.012311 | | | |
| _LV--C | -0.026897 | | | |
| _LT--C | -0.020555 | | | |
| _LU--C | 0.043537 | | | |
| _HU--C | -0.012736 | | | |
| _MT--C | -0.008906 | | | |
| _NL--C | 0.012336 | | | |
| _AT--C | 0.009651 | | | |
| _PL--C | -0.010849 | | | |
| _PT--C | -0.023107 | | | |

| | |
|---|---|
| _RO--C | -0.046723 |
| _SL--C | -0.004782 |
| _SK--C | -0.017482 |
| _FI--C | 0.015451 |
| _SE--C | 0.026305 |
| _UK--C | 0.012235 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.920686 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.850185 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.006888 | Akaike info criterion | -6.812071 |
| Sum squared resid | 0.001708 | Schwarz criterion | -5.743585 |
| Log likelihood | 268.0164 | F-statistic | 13.05912 |
| Durbin-Watson stat | 2.614960 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:27
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.112926 | 0.029662 | 3.807132 | 0.0006 |
| ILPPSRGDPPC? | -0.029415 | 0.015648 | -1.879774 | 0.0693 |
| GFI? | 0.159906 | 0.067716 | 2.361416 | 0.0245 |
| STEA? | -0.047179 | 0.040614 | -1.161650 | 0.2540 |
| LDP? | -1.149535 | 0.449338 | -2.558286 | 0.0155 |
| NL? | 0.221578 | 0.073803 | 3.002298 | 0.0052 |
| FDII? | 0.090135 | 0.030403 | 2.964699 | 0.0057 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011912 | | | |
| _BG--C | -0.030192 | | | |
| _CZ--C | 0.002794 | | | |
| _DK--C | -0.001473 | | | |
| _DE--C | 0.007269 | | | |
| _EE--C | -0.008416 | | | |
| _IE--C | 0.028528 | | | |
| _EL--C | 0.007472 | | | |
| _ES--C | -0.014703 | | | |
| _FR--C | 0.002200 | | | |
| _IT--C | -0.013164 | | | |
| _CY--C | 0.008572 | | | |
| _LV--C | 0.005266 | | | |
| _LT--C | 0.010033 | | | |
| _LU--C | 0.029860 | | | |
| _HU--C | -0.001454 | | | |
| _MT--C | -0.025582 | | | |
| _NL--C | 0.004131 | | | |
| _AT--C | 0.007609 | | | |
| _PL--C | 0.007449 | | | |
| _PT--C | -0.030714 | | | |

| | |
|---|---|
| _RO--C | -0.021031 |
| _SL--C | 0.006621 |
| _SK--C | 0.003067 |
| _FI--C | 0.003830 |
| _SE--C | 0.009923 |
| _UK--C | 0.011690 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.939160 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.878319 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006357 | Akaike info criterion | -6.971910 |
| Sum squared resid | 0.001293 | Schwarz criterion | -5.867990 |
| Log likelihood | 259.5871 | F-statistic | 15.43642 |
| Durbin-Watson stat | 2.896989 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:27
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.180398 | 0.046040 | 3.918295 | 0.0004 |
| ILPPSRGDPPC? | -0.042214 | 0.017229 | -2.450253 | 0.0199 |
| GFI? | 0.223550 | 0.069423 | 3.220103 | 0.0029 |
| STEA? | -0.013765 | 0.041252 | -0.333671 | 0.7408 |
| LDP? | -1.210341 | 0.451172 | -2.682661 | 0.0115 |
| TE? | -0.159563 | 0.053797 | -2.966002 | 0.0057 |
| FDII? | 0.087658 | 0.030455 | 2.878334 | 0.0071 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.004989 | | | |
| _BG--C | -0.049035 | | | |
| _CZ--C | -0.015548 | | | |
| _DK--C | 0.023775 | | | |
| _DE--C | 0.010480 | | | |
| _EE--C | -0.037435 | | | |
| _IE--C | 0.026823 | | | |
| _EL--C | 0.004845 | | | |
| _ES--C | -0.012495 | | | |
| _FR--C | 0.020008 | | | |
| _IT--C | 0.000765 | | | |
| _CY--C | 0.005925 | | | |
| _LV--C | -0.027455 | | | |
| _LT--C | -0.020236 | | | |
| _LU--C | 0.045396 | | | |
| _HU--C | -0.011552 | | | |
| _MT--C | -0.019729 | | | |
| _NL--C | 0.014992 | | | |
| _AT--C | 0.019405 | | | |
| _PL--C | -0.011399 | | | |
| _PT--C | -0.025394 | | | |

| | |
|---|---|
| _RO--C | -0.052566 |
| _SL--C | 0.000652 |
| _SK--C | -0.024434 |
| _FI--C | 0.025771 |
| _SE--C | 0.035817 |
| _UK--C | 0.013621 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.938836 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.877673 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006373 | Akaike info criterion | -6.966614 |
| Sum squared resid | 0.001300 | Schwarz criterion | -5.862694 |
| Log likelihood | 259.4150 | F-statistic | 15.34961 |
| Durbin-Watson stat | 3.035619 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:27
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.159482 | 0.048803 | 3.267854 | 0.0023 |
| ILPPSRGDPPC? | -0.039121 | 0.018124 | -2.158480 | 0.0374 |
| GFI? | 0.248706 | 0.070633 | 3.521113 | 0.0012 |
| STEA? | 0.000589 | 0.041582 | 0.014158 | 0.9888 |
| LDP? | -1.502645 | 0.464953 | -3.231821 | 0.0026 |
| TE? | -0.150127 | 0.057183 | -2.625400 | 0.0125 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.011241 | | | |
| _BG--C | -0.043866 | | | |
| _CZ--C | -0.020666 | | | |
| _DK--C | 0.018140 | | | |
| _DE--C | 0.002427 | | | |
| _EE--C | -0.039556 | | | |
| _IE--C | 0.031856 | | | |
| _EL--C | 0.001601 | | | |
| _ES--C | -0.010982 | | | |
| _FR--C | 0.016637 | | | |
| _IT--C | -0.002379 | | | |
| _CY--C | 0.011336 | | | |
| _LV--C | -0.034154 | | | |
| _LT--C | -0.027181 | | | |
| _LU--C | 0.047460 | | | |
| _HU--C | -0.015609 | | | |
| _MT--C | -0.008668 | | | |
| _NL--C | 0.014451 | | | |
| _AT--C | 0.011977 | | | |
| _PL--C | -0.015178 | | | |
| _PT--C | -0.022963 | | | |
| _RO--C | -0.053673 | | | |

| | |
|---|---|
| _SL--C | -0.006394 |
| _SK--C | -0.024188 |
| _FI--C | 0.020935 |
| _SE--C | 0.032487 |
| _UK--C | 0.012309 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.919976 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.852929 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.006825 | Akaike info criterion | -6.832147 |
| Sum squared resid | 0.001723 | Schwarz criterion | -5.796039 |
| Log likelihood | 267.7091 | F-statistic | 13.72136 |
| Durbin-Watson stat | 2.652623 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:27
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.087075 | 0.031107 | 2.799194 | 0.0081 |
| ILPPSRGDPPC? | -0.025947 | 0.016804 | -1.544116 | 0.1311 |
| GFI? | 0.188208 | 0.070714 | 2.661537 | 0.0114 |
| STEA? | -0.024457 | 0.041456 | -0.589947 | 0.5588 |
| LDP? | -1.441191 | 0.472500 | -3.050140 | 0.0042 |
| NL? | 0.175579 | 0.075803 | 2.316256 | 0.0262 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.004266 | | | |
| _BG--C | -0.023231 | | | |
| _CZ--C | -0.004180 | | | |
| _DK--C | -0.004741 | | | |
| _DE--C | -0.001293 | | | |
| _EE--C | -0.010743 | | | |
| _IE--C | 0.035709 | | | |
| _EL--C | 0.004713 | | | |
| _ES--C | -0.010293 | | | |
| _FR--C | 0.000391 | | | |
| _IT--C | -0.013933 | | | |
| _CY--C | 0.014657 | | | |
| _LV--C | -0.002217 | | | |
| _LT--C | 0.001959 | | | |
| _LU--C | 0.031540 | | | |
| _HU--C | -0.006617 | | | |
| _MT--C | -0.011256 | | | |
| _NL--C | 0.004998 | | | |
| _AT--C | 0.000700 | | | |
| _PL--C | 0.002376 | | | |
| _PT--C | -0.024834 | | | |
| _RO--C | -0.022244 | | | |

| | |
|---|---|
| _SL--C | -0.000619 |
| _SK--C | 0.001103 |
| _FI--C | 0.001965 |
| _SE--C | 0.008768 |
| _UK--C | 0.011251 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.917090 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.847626 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.006947 | Akaike info criterion | -6.796722 |
| Sum squared resid | 0.001786 | Schwarz criterion | -5.760614 |
| Log likelihood | 266.4869 | F-statistic | 13.20224 |
| Durbin-Watson stat | 2.622463 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:28
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.066441 | 0.028205 | 2.355626 | 0.0246 |
| ILPPSRGDPPC? | -0.018493 | 0.016967 | -1.089919 | 0.2836 |
| GFI? | 0.177276 | 0.075216 | 2.356897 | 0.0245 |
| STEA? | -0.036158 | 0.045092 | -0.801870 | 0.4284 |
| LDP? | -1.138058 | 0.500917 | -2.271950 | 0.0297 |
| FDII? | 0.085722 | 0.033854 | 2.532111 | 0.0163 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.012789 | | | |
| _BG--C | -0.013553 | | | |
| _CZ--C | -0.003130 | | | |
| _DK--C | 0.000900 | | | |
| _DE--C | 0.000251 | | | |
| _EE--C | 0.000838 | | | |
| _IE--C | 0.032958 | | | |
| _EL--C | 0.001113 | | | |
| _ES--C | -0.012289 | | | |
| _FR--C | -0.002175 | | | |
| _IT--C | -0.016646 | | | |
| _CY--C | 0.007094 | | | |
| _LV--C | 0.012556 | | | |
| _LT--C | 0.015852 | | | |
| _LU--C | 0.024756 | | | |
| _HU--C | -0.008445 | | | |
| _MT--C | -0.026633 | | | |
| _NL--C | 0.001387 | | | |
| _AT--C | 0.001560 | | | |
| _PL--C | 0.006844 | | | |
| _PT--C | -0.030732 | | | |
| _RO--C | -0.011427 | | | |

| | |
|---|---|
| _SL--C | 0.004214 |
| _SK--C | -0.001573 |
| _FI--C | 0.010668 |
| _SE--C | 0.011149 |
| _UK--C | 0.009441 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.922022 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.848770 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.007087 | Akaike info criterion | -6.754506 |
| Sum squared resid | 0.001657 | Schwarz criterion | -5.684039 |
| Log likelihood | 251.5215 | F-statistic | 12.58696 |
| Durbin-Watson stat | 3.100721 | Prob(F-statistic) | 0.000000 |

### C.4.2 Implicit Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 01:20
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 53
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.115996 | 0.060142 | 1.928718 | 0.0652 |
| ILPPSRGDPPC? | -0.002552 | 0.019571 | -0.130388 | 0.8973 |
| GFI? | 0.088724 | 0.067505 | 1.314333 | 0.2007 |
| STEA? | -0.070641 | 0.045211 | -1.562464 | 0.1308 |
| LDP? | 0.032978 | 0.527089 | 0.062567 | 0.9506 |
| ITRC? | 0.036780 | 0.093505 | 0.393346 | 0.6974 |
| ITRK? | -0.043127 | 0.030692 | -1.405154 | 0.1723 |
| ITRL? | -0.131388 | 0.093637 | -1.403175 | 0.1729 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.004629 | | | |
| _CZ--C | 0.019732 | | | |
| _DK--C | 2.91E-05 | | | |
| _DE--C | -0.000384 | | | |
| _EE--C | 0.027449 | | | |
| _ES--C | -0.031149 | | | |
| _FR--C | -0.006748 | | | |
| _IT--C | -0.022903 | | | |
| _CY--C | -0.022937 | | | |
| _LV--C | 0.044253 | | | |
| _LT--C | 0.042567 | | | |
| _HU--C | 0.005876 | | | |
| _NL--C | -0.014250 | | | |
| _AT--C | 0.002691 | | | |
| _PL--C | 0.016899 | | | |
| _PT--C | -0.063223 | | | |
| _SL--C | 0.007834 | | | |
| _SK--C | 0.019064 | | | |

| | |
|---|---|
| _FI--C | 0.014600 |
| _SE--C | 0.018785 |
| _UK--C | -0.010361 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.966021 | Mean dependent var | 0.027479 |
| Adjusted R-squared | 0.929323 | S.D. dependent var | 0.017552 |
| S.E. of regression | 0.004666 | Akaike info criterion | -7.591769 |
| Sum squared resid | 0.000544 | Schwarz criterion | -6.550860 |
| Log likelihood | 229.1819 | F-statistic | 26.32388 |
| Durbin-Watson stat | 3.136238 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/11/14 Time: 01:20
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 53
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.039783 | 0.026302 | 1.512568 | 0.1425 |
| ILPPSRGDPPC? | 0.015610 | 0.014950 | 1.044128 | 0.3060 |
| GFI? | 0.101614 | 0.068111 | 1.491883 | 0.1478 |
| STEA? | -0.097708 | 0.041644 | -2.346253 | 0.0269 |
| LDP? | -0.099484 | 0.528140 | -0.188366 | 0.8521 |
| ITRC? | -0.003251 | 0.090690 | -0.035850 | 0.9717 |
| ITRK? | -0.040552 | 0.031203 | -1.299652 | 0.2051 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020803 | | | |
| _CZ--C | 0.020518 | | | |
| _DK--C | -0.001626 | | | |
| _DE--C | -0.006013 | | | |
| _EE--C | 0.041959 | | | |
| _ES--C | -0.036529 | | | |
| _FR--C | -0.016011 | | | |
| _IT--C | -0.041447 | | | |
| _CY--C | -0.006988 | | | |
| _LV--C | 0.061656 | | | |
| _LT--C | 0.056759 | | | |
| _HU--C | 0.011477 | | | |
| _NL--C | -0.015594 | | | |
| _AT--C | -0.006363 | | | |
| _PL--C | 0.034207 | | | |
| _PT--C | -0.056868 | | | |
| _SL--C | 0.010758 | | | |
| _SK--C | 0.033880 | | | |
| _FI--C | 0.007321 | | | |
| _SE--C | 0.008212 | | | |

| | |
|---|---|
| _UK--C | -0.002609 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.963345 | Mean dependent var | 0.027479 |
| Adjusted R-squared | 0.926690 | S.D. dependent var | 0.017552 |
| S.E. of regression | 0.004752 | Akaike info criterion | -7.553696 |
| Sum squared resid | 0.000587 | Schwarz criterion | -6.549963 |
| Log likelihood | 227.1730 | F-statistic | 26.28123 |
| Durbin-Watson stat | 3.121143 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:31
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 53
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114592 | 0.059052 | 1.940538 | 0.0632 |
| ILPPSRGDPPC? | 0.000678 | 0.017474 | 0.038797 | 0.9693 |
| GFI? | 0.086250 | 0.066110 | 1.304652 | 0.2034 |
| STEA? | -0.076508 | 0.041981 | -1.822441 | 0.0799 |
| LDP? | 0.059367 | 0.514233 | 0.115447 | 0.9090 |
| ITRK? | -0.041195 | 0.029800 | -1.382395 | 0.1786 |
| ITRL? | -0.120151 | 0.087710 | -1.369862 | 0.1824 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.007018 | | | |
| _CZ--C | 0.020473 | | | |
| _DK--C | 0.003176 | | | |
| _DE--C | -0.001850 | | | |
| _EE--C | 0.030874 | | | |
| _ES--C | -0.035045 | | | |
| _FR--C | -0.008816 | | | |
| _IT--C | -0.027158 | | | |
| _CY--C | -0.023789 | | | |
| _LV--C | 0.047522 | | | |
| _LT--C | 0.044867 | | | |
| _HU--C | 0.009043 | | | |
| _NL--C | -0.014169 | | | |
| _AT--C | 0.001657 | | | |
| _PL--C | 0.019058 | | | |
| _PT--C | -0.065156 | | | |
| _SL--C | 0.009361 | | | |
| _SK--C | 0.021649 | | | |
| _FI--C | 0.015763 | | | |
| _SE--C | 0.019305 | | | |

| | |
|---|---|
| _UK--C | -0.011742 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.965811 | Mean dependent var | 0.027479 |
| Adjusted R-squared | 0.931621 | S.D. dependent var | 0.017552 |
| S.E. of regression | 0.004590 | Akaike info criterion | -7.623335 |
| Sum squared resid | 0.000548 | Schwarz criterion | -6.619602 |
| Log likelihood | 229.0184 | F-statistic | 28.24878 |
| Durbin-Watson stat | 3.153206 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:32
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 64
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.094455 | 0.080050 | 1.179950 | 0.2467 |
| ILPPSRGDPPC? | -0.007567 | 0.023771 | -0.318303 | 0.7523 |
| GFI? | 0.077788 | 0.075875 | 1.025224 | 0.3129 |
| STEA? | -0.057131 | 0.049320 | -1.158392 | 0.2553 |
| LDP? | -1.012164 | 0.567297 | -1.784187 | 0.0839 |
| ITRC? | 0.110481 | 0.098853 | 1.117638 | 0.2720 |
| ITRL? | -0.121782 | 0.125131 | -0.973237 | 0.3377 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.002238 | | | |
| _BG--C | 0.006429 | | | |
| _CZ--C | 0.018961 | | | |
| _DK--C | -0.011670 | | | |
| _DE--C | 0.001905 | | | |
| _EE--C | 0.026521 | | | |
| _IE--C | 0.006912 | | | |
| _EL--C | 0.004000 | | | |
| _ES--C | -0.011117 | | | |
| _FR--C | -0.005988 | | | |
| _IT--C | -0.016933 | | | |
| _CY--C | -0.005894 | | | |
| _LV--C | 0.035259 | | | |
| _LT--C | 0.034708 | | | |
| _LU--C | 0.004594 | | | |
| _HU--C | -0.000832 | | | |
| _MT--C | -0.045274 | | | |
| _NL--C | -0.008088 | | | |
| _AT--C | 0.004226 | | | |
| _PL--C | 0.014183 | | | |

| | |
|---|---|
| _PT--C | -0.051713 |
| _SL--C | 0.008356 |
| _SK--C | 0.017135 |
| _FI--C | 0.008638 |
| _SE--C | 0.013089 |
| _UK--C | -0.008723 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.930395 | Mean dependent var | 0.028498 |
| Adjusted R-squared | 0.862964 | S.D. dependent var | 0.017249 |
| S.E. of regression | 0.006385 | Akaike info criterion | -6.962808 |
| Sum squared resid | 0.001305 | Schwarz criterion | -5.883367 |
| Log likelihood | 254.8099 | F-statistic | 13.79787 |
| Durbin-Watson stat | 3.070772 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:32
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 68

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.043326 | 0.032722 | 1.324060 | 0.1938 |
| ILPPSRGDPPC? | -0.015699 | 0.017350 | -0.904871 | 0.3715 |
| GFI? | 0.166947 | 0.078766 | 2.119526 | 0.0410 |
| STEA? | -0.045012 | 0.046358 | -0.970968 | 0.3380 |
| LDP? | -1.242627 | 0.543036 | -2.288297 | 0.0281 |
| ITRC? | 0.135182 | 0.102835 | 1.314549 | 0.1970 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008041 | | | |
| _BG--C | -0.003708 | | | |
| _CZ--C | 0.002169 | | | |
| _DK--C | -0.016461 | | | |
| _DE--C | 0.000230 | | | |
| _EE--C | 0.008588 | | | |
| _IE--C | 0.028911 | | | |
| _EL--C | 0.007004 | | | |
| _ES--C | -0.008383 | | | |
| _FR--C | -0.005732 | | | |
| _IT--C | -0.018774 | | | |
| _CY--C | 0.015147 | | | |
| _LV--C | 0.018161 | | | |
| _LT--C | 0.021856 | | | |
| _LU--C | 0.022210 | | | |
| _HU--C | -0.014545 | | | |
| _MT--C | -0.021230 | | | |
| _NL--C | -0.002620 | | | |
| _AT--C | -0.002156 | | | |
| _PL--C | 0.010686 | | | |
| _PT--C | -0.033607 | | | |
| _RO--C | -0.003805 | | | |

| | |
|---|---|
| _SL--C | -0.000526 |
| _SK--C | 0.007117 |
| _FI--C | -0.000421 |
| _SE--C | 0.003496 |
| _UK--C | 0.010069 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.912011 | Mean dependent var | 0.029611 |
| Adjusted R-squared | 0.836242 | S.D. dependent var | 0.017900 |
| S.E. of regression | 0.007244 | Akaike info criterion | -6.712228 |
| Sum squared resid | 0.001889 | Schwarz criterion | -5.667754 |
| Log likelihood | 260.2158 | F-statistic | 12.03677 |
| Durbin-Watson stat | 2.712829 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:32
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 53
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.039285 | 0.021909 | 1.793066 | 0.0842 |
| ILPPSRGDPPC? | 0.015447 | 0.013973 | 1.105481 | 0.2787 |
| GFI? | 0.101963 | 0.066155 | 1.541266 | 0.1349 |
| STEA? | -0.097362 | 0.039753 | -2.449168 | 0.0211 |
| LDP? | -0.103160 | 0.508416 | -0.202905 | 0.8407 |
| ITRK? | -0.040719 | 0.030278 | -1.344860 | 0.1899 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020705 | | | |
| _CZ--C | 0.020452 | | | |
| _DK--C | -0.001946 | | | |
| _DE--C | -0.005917 | | | |
| _EE--C | 0.041746 | | | |
| _ES--C | -0.036194 | | | |
| _FR--C | -0.015887 | | | |
| _IT--C | -0.041186 | | | |
| _CY--C | -0.006772 | | | |
| _LV--C | 0.061483 | | | |
| _LT--C | 0.056654 | | | |
| _HU--C | 0.011215 | | | |
| _NL--C | -0.015613 | | | |
| _AT--C | -0.006337 | | | |
| _PL--C | 0.034141 | | | |
| _PT--C | -0.056627 | | | |
| _SL--C | 0.010633 | | | |
| _SK--C | 0.033752 | | | |
| _FI--C | 0.007147 | | | |
| _SE--C | 0.008073 | | | |
| _UK--C | -0.002409 | | | |

Effects Specification

| Cross-section fixed (dummy variables) | | | |
|---|---|---|---|
| R-squared | 0.963343 | Mean dependent var | 0.027479 |
| Adjusted R-squared | 0.929401 | S.D. dependent var | 0.017552 |
| S.E. of regression | 0.004664 | Akaike info criterion | -7.591383 |
| Sum squared resid | 0.000587 | Schwarz criterion | -6.624824 |
| Log likelihood | 227.1716 | F-statistic | 28.38227 |
| Durbin-Watson stat | 3.119283 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:32
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 64
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.082104 | 0.079582 | 1.031687 | 0.3097 |
| ILPPSRGDPPC? | 0.000184 | 0.022823 | 0.008052 | 0.9936 |
| GFI? | 0.091106 | 0.075215 | 1.211275 | 0.2344 |
| STEA? | -0.062540 | 0.049266 | -1.269430 | 0.2132 |
| LDP? | -0.922163 | 0.563668 | -1.636004 | 0.1113 |
| ITRL? | -0.082166 | 0.120458 | -0.682113 | 0.4999 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.007590 | | | |
| _BG--C | 0.015445 | | | |
| _CZ--C | 0.016934 | | | |
| _DK--C | -0.001746 | | | |
| _DE--C | -0.003203 | | | |
| _EE--C | 0.030650 | | | |
| _IE--C | 0.009264 | | | |
| _EL--C | -0.001877 | | | |
| _ES--C | -0.020119 | | | |
| _FR--C | -0.009725 | | | |
| _IT--C | -0.026027 | | | |
| _CY--C | -0.006449 | | | |
| _LV--C | 0.039923 | | | |
| _LT--C | 0.037272 | | | |
| _LU--C | 0.000605 | | | |
| _HU--C | 0.006558 | | | |
| _MT--C | -0.045939 | | | |
| _NL--C | -0.006750 | | | |
| _AT--C | 0.000584 | | | |
| _PL--C | 0.018295 | | | |
| _PT--C | -0.051520 | | | |

| | |
|---|---|
| _SL--C | 0.010668 |
| _SK--C | 0.020832 |
| _FI--C | 0.012334 |
| _SE--C | 0.014751 |
| _UK--C | -0.009352 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.927677 | Mean dependent var | 0.028498 |
| Adjusted R-squared | 0.861930 | S.D. dependent var | 0.017249 |
| S.E. of regression | 0.006409 | Akaike info criterion | -6.955766 |
| Sum squared resid | 0.001356 | Schwarz criterion | -5.910057 |
| Log likelihood | 253.5845 | F-statistic | 14.10965 |
| Durbin-Watson stat | 3.106055 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:32
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 51
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.113012 | 0.015918 | 7.099597 | 0.0000 |
| ILPPSRGDPPC? | -0.026924 | 0.004361 | -6.174369 | 0.0000 |
| GFI? | 0.044960 | 0.028741 | 1.564284 | 0.1260 |
| STEA? | 0.022020 | 0.007177 | 3.067879 | 0.0040 |
| LDP? | -0.745235 | 0.256887 | -2.901025 | 0.0062 |
| ITRC? | -0.036651 | 0.041582 | -0.881416 | 0.3836 |
| ITRK? | -0.006235 | 0.016502 | -0.377813 | 0.7077 |
| ITRL? | -0.023118 | 0.027430 | -0.842800 | 0.4046 |
| TE? | -0.023152 | 0.048809 | -0.474335 | 0.6380 |
| NL? | 0.214708 | 0.060197 | 3.566740 | 0.0010 |
| FDII? | 0.037370 | 0.030235 | 1.235969 | 0.2241 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.005156 | | | |
| 2--C | -0.000943 | | | |
| 3--C | -0.001557 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.922500 | Mean dependent var | 0.027825 |
| Adjusted R-squared | 0.898026 | S.D. dependent var | 0.017806 |
| S.E. of regression | 0.005686 | Akaike info criterion | -7.285998 |
| Sum squared resid | 0.001229 | Schwarz criterion | -6.793572 |
| Log likelihood | 198.7930 | F-statistic | 37.69330 |
| Durbin-Watson stat | 1.250677 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 51
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.115126 | 0.015661 | 7.351222 | 0.0000 |
| ILPPSRGDPPC? | -0.026233 | 0.004267 | -6.148069 | 0.0000 |
| GFI? | 0.037368 | 0.027192 | 1.374240 | 0.1772 |
| STEA? | 0.019744 | 0.006626 | 2.979994 | 0.0049 |
| LDP? | -0.685815 | 0.246103 | -2.786694 | 0.0082 |
| ITRC? | -0.017578 | 0.034754 | -0.505767 | 0.6159 |
| ITRK? | -0.001890 | 0.015618 | -0.121045 | 0.9043 |
| TE? | -0.056111 | 0.029097 | -1.928421 | 0.0611 |
| NL? | 0.185668 | 0.049177 | 3.775505 | 0.0005 |
| FDII? | 0.037815 | 0.030118 | 1.255537 | 0.2168 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.005506 | | | |
| 2--C | -0.001051 | | | |
| 3--C | -0.001621 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.921051 | Mean dependent var | 0.027825 |
| Adjusted R-squared | 0.898783 | S.D. dependent var | 0.017806 |
| S.E. of regression | 0.005665 | Akaike info criterion | -7.306694 |
| Sum squared resid | 0.001252 | Schwarz criterion | -6.852147 |
| Log likelihood | 198.3207 | F-statistic | 41.36263 |
| Durbin-Watson stat | 1.257950 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 51
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.113679 | 0.015855 | 7.170119 | 0.0000 |
| ILPPSRGDPPC? | -0.025707 | 0.004124 | -6.233162 | 0.0000 |
| GFI? | 0.039750 | 0.028046 | 1.417284 | 0.1643 |
| STEA? | 0.020482 | 0.006942 | 2.950329 | 0.0053 |
| LDP? | -0.695594 | 0.249919 | -2.783276 | 0.0083 |
| ITRK? | -0.003515 | 0.016165 | -0.217442 | 0.8290 |
| ITRL? | -0.009959 | 0.022945 | -0.434047 | 0.6666 |
| TE? | -0.057829 | 0.028805 | -2.007607 | 0.0516 |
| NL? | 0.174942 | 0.039739 | 4.402233 | 0.0001 |
| FDII? | 0.031681 | 0.029454 | 1.075625 | 0.2887 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.005389 | | | |
| 2--C | -0.000921 | | | |
| 3--C | -0.001689 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.920915 | Mean dependent var | 0.027825 |
| Adjusted R-squared | 0.898609 | S.D. dependent var | 0.017806 |
| S.E. of regression | 0.005670 | Akaike info criterion | -7.304975 |
| Sum squared resid | 0.001254 | Schwarz criterion | -6.850428 |
| Log likelihood | 198.2769 | F-statistic | 41.28552 |
| Durbin-Watson stat | 1.224985 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 60
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.120865 | 0.074589 | 1.620428 | 0.1188 |
| ILPPSRGDPPC? | 0.007711 | 0.021559 | 0.357666 | 0.7239 |
| GFI? | -0.052106 | 0.080012 | -0.651221 | 0.5214 |
| STEA? | -0.036682 | 0.049284 | -0.744294 | 0.4642 |
| LDP? | 0.167954 | 0.501263 | 0.335061 | 0.7406 |
| ITRC? | -0.132184 | 0.113298 | -1.166691 | 0.2553 |
| ITRL? | -0.090957 | 0.124912 | -0.728169 | 0.4739 |
| TE? | -0.043686 | 0.086702 | -0.503861 | 0.6192 |
| NL? | 0.252904 | 0.124000 | 2.039556 | 0.0530 |
| FDII? | 0.120394 | 0.026736 | 4.503108 | 0.0002 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019272 | | | |
| _BG--C | 0.017793 | | | |
| _CZ--C | 0.028169 | | | |
| _DK--C | 0.001434 | | | |
| _DE--C | -0.006423 | | | |
| _EE--C | 0.034580 | | | |
| _IE--C | -0.015877 | | | |
| _EL--C | 0.014080 | | | |
| _ES--C | -0.029894 | | | |
| _FR--C | -0.009401 | | | |
| _IT--C | -0.017474 | | | |
| _CY--C | -0.029324 | | | |
| _LV--C | 0.060926 | | | |
| _LT--C | 0.048866 | | | |
| _LU--C | -0.028068 | | | |
| _HU--C | 0.039713 | | | |
| _MT--C | -0.043241 | | | |

| | |
|---|---|
| _NL--C | -0.013412 |
| _AT--C | 0.004635 |
| _PL--C | 0.026973 |
| _PT--C | -0.033599 |
| _SL--C | 0.025574 |
| _SK--C | 0.030367 |
| _FI--C | 0.009064 |
| _SE--C | 0.009776 |
| _UK--C | -0.023975 |
| Fixed Effects (Period) | |
| 1--C | 0.008571 |
| 2--C | -0.002594 |
| 3--C | -0.005977 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.974051 | Mean dependent var | 0.028702 |
| Adjusted R-squared | 0.933435 | S.D. dependent var | 0.017703 |
| S.E. of regression | 0.004567 | Akaike info criterion | -7.665283 |
| Sum squared resid | 0.000480 | Schwarz criterion | -6.373770 |
| Log likelihood | 266.9585 | F-statistic | 23.98189 |
| Durbin-Watson stat | 3.192252 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 64

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.217464 | 0.062873 | 3.458794 | 0.0018 |
| ILPPSRGDPPC? | -0.025912 | 0.018952 | -1.367190 | 0.1828 |
| GFI? | 0.040835 | 0.081063 | 0.503741 | 0.6185 |
| STEA? | -0.093225 | 0.051947 | -1.794622 | 0.0839 |
| LDP? | -0.158018 | 0.485294 | -0.325613 | 0.7472 |
| ITRC? | -0.183800 | 0.129587 | -1.418350 | 0.1675 |
| TE? | -0.047926 | 0.086251 | -0.555652 | 0.5830 |
| NL? | 0.298264 | 0.137936 | 2.162337 | 0.0396 |
| FDII? | 0.130103 | 0.029533 | 4.405319 | 0.0002 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019284 | | | |
| _BG--C | -0.021598 | | | |
| _CZ--C | 0.020528 | | | |
| _DK--C | 0.023663 | | | |
| _DE--C | 0.010542 | | | |
| _EE--C | 0.011345 | | | |
| _IE--C | 0.009878 | | | |
| _EL--C | 0.005152 | | | |
| _ES--C | -0.042945 | | | |
| _FR--C | -0.002394 | | | |
| _IT--C | -0.027961 | | | |
| _CY--C | -0.015317 | | | |
| _LV--C | 0.027720 | | | |
| _LT--C | 0.025040 | | | |
| _LU--C | 0.011773 | | | |
| _HU--C | 0.025589 | | | |
| _MT--C | -0.057589 | | | |
| _NL--C | 0.004539 | | | |
| _AT--C | 0.016910 | | | |

| | |
|---|---|
| _PL--C | 0.016204 |
| _PT--C | -0.052170 |
| _RO--C | -0.016527 |
| _SL--C | 0.024038 |
| _SK--C | 0.019449 |
| _FI--C | 0.015798 |
| _SE--C | 0.022283 |
| _UK--C | -0.003750 |
| Fixed Effects (Period) | |
| 1--C | 0.003405 |
| 2--C | -0.003667 |
| 3--C | 0.000262 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.961884 | Mean dependent var | 0.029872 |
| Adjusted R-squared | 0.911063 | S.D. dependent var | 0.018335 |
| S.E. of regression | 0.005468 | Akaike info criterion | -7.286624 |
| Sum squared resid | 0.000807 | Schwarz criterion | -6.038520 |
| Log likelihood | 270.1720 | F-statistic | 18.92684 |
| Durbin-Watson stat | 3.135126 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 21
Total pool (unbalanced) observations: 51
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114761 | 0.015498 | 7.404908 | 0.0000 |
| ILPPSRGDPPC? | -0.025671 | 0.004081 | -6.289939 | 0.0000 |
| GFI? | 0.036762 | 0.026912 | 1.366044 | 0.1796 |
| STEA? | 0.019579 | 0.006556 | 2.986605 | 0.0048 |
| LDP? | -0.675034 | 0.242887 | -2.779210 | 0.0083 |
| ITRK? | -0.001722 | 0.015469 | -0.111326 | 0.9119 |
| TE? | -0.066958 | 0.019481 | -3.437019 | 0.0014 |
| NL? | 0.169834 | 0.037570 | 4.520518 | 0.0001 |
| FDII? | 0.033766 | 0.028763 | 1.173908 | 0.2474 |
| Fixed Effects (Period) | | | | |
| 1--C | 0.005529 | | | |
| 2--C | -0.000994 | | | |
| 3--C | -0.001686 | | | |

Effects Specification

Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.920533 | Mean dependent var | 0.027825 |
| Adjusted R-squared | 0.900666 | S.D. dependent var | 0.017806 |
| S.E. of regression | 0.005612 | Akaike info criterion | -7.339372 |
| Sum squared resid | 0.001260 | Schwarz criterion | -6.922704 |
| Log likelihood | 198.1540 | F-statistic | 46.33538 |
| Durbin-Watson stat | 1.240886 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:33
Sample: 1 3
Included observations: 3
Cross-sections included: 26
Total pool (unbalanced) observations: 60
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114752 | 0.074962 | 1.530807 | 0.1389 |
| ILPPSRGDPPC? | 0.002410 | 0.021233 | 0.113493 | 0.9106 |
| GFI? | -0.037410 | 0.079607 | -0.469937 | 0.6426 |
| STEA? | -0.018275 | 0.047040 | -0.388493 | 0.7011 |
| LDP? | -0.046961 | 0.469683 | -0.099983 | 0.9212 |
| ITRL? | -0.110911 | 0.124663 | -0.889693 | 0.3825 |
| TE? | -0.079410 | 0.081723 | -0.971702 | 0.3409 |
| NL? | 0.167769 | 0.101007 | 1.660971 | 0.1097 |
| FDII? | 0.108636 | 0.024949 | 4.354289 | 0.0002 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011696 | | | |
| _BG--C | 0.010795 | | | |
| _CZ--C | 0.023433 | | | |
| _DK--C | -0.006936 | | | |
| _DE--C | -0.003551 | | | |
| _EE--C | 0.025420 | | | |
| _IE--C | -0.017066 | | | |
| _EL--C | 0.019383 | | | |
| _ES--C | -0.017091 | | | |
| _FR--C | -0.003167 | | | |
| _IT--C | -0.006300 | | | |
| _CY--C | -0.024613 | | | |
| _LV--C | 0.050838 | | | |
| _LT--C | 0.041097 | | | |
| _LU--C | -0.024552 | | | |
| _HU--C | 0.027426 | | | |
| _MT--C | -0.035070 | | | |
| _NL--C | -0.013626 | | | |

| | |
|---|---|
| _AT--C | 0.007160 |
| _PL--C | 0.020569 |
| _PT--C | -0.027704 |
| _SL--C | 0.019603 |
| _SK--C | 0.020838 |
| _FI--C | 0.007927 |
| _SE--C | 0.010465 |
| _UK--C | -0.020891 |
| Fixed Effects (Period) | |
| 1--C | 0.008042 |
| 2--C | -0.001836 |
| 3--C | -0.006206 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.972515 | Mean dependent var | 0.028702 |
| Adjusted R-squared | 0.932433 | S.D. dependent var | 0.017703 |
| S.E. of regression | 0.004602 | Akaike info criterion | -7.641120 |
| Sum squared resid | 0.000508 | Schwarz criterion | -6.384513 |
| Log likelihood | 265.2336 | F-statistic | 24.26307 |
| Durbin-Watson stat | 3.045868 | Prob(F-statistic) | 0.000000 |

### C.4.3 Top Income Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:15
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.112919 | 0.045395 | 2.487461 | 0.0176 |
| ILPPSRGDPPC? | -0.019234 | 0.017742 | -1.084090 | 0.2855 |
| GFI? | 0.181417 | 0.068291 | 2.656527 | 0.0117 |
| STEA? | -0.041814 | 0.039431 | -1.060428 | 0.2960 |
| LDP? | -1.469206 | 0.452076 | -3.249907 | 0.0025 |
| TCITR? | 0.038373 | 0.032437 | 1.183009 | 0.2446 |
| TPITR? | -0.105794 | 0.030754 | -3.439969 | 0.0015 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.005005 | | | |
| _BG--C | -0.023285 | | | |
| _CZ--C | -0.014855 | | | |
| _DK--C | 0.020844 | | | |
| _DE--C | -0.000950 | | | |
| _EE--C | -0.015938 | | | |
| _IE--C | 0.041044 | | | |
| _EL--C | -0.008065 | | | |
| _ES--C | -0.010767 | | | |
| _FR--C | 0.005210 | | | |
| _IT--C | -0.024163 | | | |
| _CY--C | 0.006549 | | | |
| _LV--C | -0.008959 | | | |
| _LT--C | 0.001100 | | | |
| _LU--C | 0.029110 | | | |
| _HU--C | -0.011740 | | | |
| _MT--C | -0.035470 | | | |
| _NL--C | 0.014066 | | | |
| _AT--C | 0.004986 | | | |
| _PL--C | 0.002505 | | | |

| | |
|---|---|
| _PT--C | -0.041177 |
| _RO--C | -0.026172 |
| _SL--C | 0.008254 |
| _SK--C | -0.010525 |
| _FI--C | 0.020962 |
| _SE--C | 0.025600 |
| _UK--C | 0.003985 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.928642 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.865212 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.006534 | Akaike info criterion | -6.917773 |
| Sum squared resid | 0.001537 | Schwarz criterion | -5.849287 |
| Log likelihood | 271.6632 | F-statistic | 14.64052 |
| Durbin-Watson stat | 2.836642 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:17
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.044640 | 0.046420 | 0.961672 | 0.3425 |
| ILPPSRGDPPC? | -0.015079 | 0.020126 | -0.749219 | 0.4585 |
| GFI? | 0.204443 | 0.077274 | 2.645706 | 0.0119 |
| STEA? | -0.021429 | 0.044324 | -0.483456 | 0.6316 |
| LDP? | -1.412955 | 0.513679 | -2.750655 | 0.0092 |
| TCITR? | 0.007587 | 0.035450 | 0.214036 | 0.8317 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.006365 | | | |
| _BG--C | -0.006841 | | | |
| _CZ--C | -0.007252 | | | |
| _DK--C | -0.002891 | | | |
| _DE--C | -0.007651 | | | |
| _EE--C | -0.000858 | | | |
| _IE--C | 0.038387 | | | |
| _EL--C | -0.001282 | | | |
| _ES--C | -0.010656 | | | |
| _FR--C | -0.004215 | | | |
| _IT--C | -0.019144 | | | |
| _CY--C | 0.013913 | | | |
| _LV--C | 0.007274 | | | |
| _LT--C | 0.010402 | | | |
| _LU--C | 0.028315 | | | |
| _HU--C | -0.009951 | | | |
| _MT--C | -0.015052 | | | |
| _NL--C | 0.001671 | | | |
| _AT--C | -0.004374 | | | |
| _PL--C | 0.004718 | | | |
| _PT--C | -0.027458 | | | |
| _RO--C | -0.011267 | | | |

| | |
|---|---|
| _SL--C | -0.001338 |
| _SK--C | -0.000163 |
| _FI--C | 0.007713 |
| _SE--C | 0.010074 |
| _UK--C | 0.008819 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.905186 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.825747 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007429 | Akaike info criterion | -6.662553 |
| Sum squared resid | 0.002042 | Schwarz criterion | -5.626446 |
| Log likelihood | 261.8581 | F-statistic | 11.39475 |
| Durbin-Watson stat | 2.809765 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:20
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.142566 | 0.038055 | 3.746362 | 0.0006 |
| ILPPSRGDPPC? | -0.028761 | 0.015894 | -1.809613 | 0.0785 |
| GFI? | 0.202030 | 0.066386 | 3.043264 | 0.0043 |
| STEA? | -0.040852 | 0.039635 | -1.030707 | 0.3094 |
| LDP? | -1.556444 | 0.448423 | -3.470930 | 0.0013 |
| TPITR? | -0.095756 | 0.029720 | -3.221958 | 0.0027 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.009875 | | | |
| _BG--C | -0.036240 | | | |
| _CZ--C | -0.017518 | | | |
| _DK--C | 0.022698 | | | |
| _DE--C | 0.007307 | | | |
| _EE--C | -0.023973 | | | |
| _IE--C | 0.041596 | | | |
| _EL--C | -0.006146 | | | |
| _ES--C | -0.008411 | | | |
| _FR--C | 0.009892 | | | |
| _IT--C | -0.017358 | | | |
| _CY--C | 0.005191 | | | |
| _LV--C | -0.021794 | | | |
| _LT--C | -0.010345 | | | |
| _LU--C | 0.041160 | | | |
| _HU--C | -0.020065 | | | |
| _MT--C | -0.031924 | | | |
| _NL--C | 0.018272 | | | |
| _AT--C | 0.007993 | | | |
| _PL--C | -0.005098 | | | |
| _PT--C | -0.040376 | | | |
| _RO--C | -0.039102 | | | |

| | |
|---|---|
| _SL--C | 0.004363 |
| _SK--C | -0.017481 |
| _FI--C | 0.021032 |
| _SE--C | 0.026829 |
| _UK--C | 0.008294 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.925868 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.863757 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.006569 | Akaike info criterion | -6.908620 |
| Sum squared resid | 0.001597 | Schwarz criterion | -5.872512 |
| Log likelihood | 270.3474 | F-statistic | 14.90669 |
| Durbin-Watson stat | 2.766443 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:24
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.146967 | 0.061322 | 2.396630 | 0.0232 |
| ILPPSRGDPPC? | -0.029275 | 0.020029 | -1.461662 | 0.1546 |
| GFI? | 0.151318 | 0.076983 | 1.965602 | 0.0590 |
| STEA? | -0.047616 | 0.042739 | -1.114128 | 0.2744 |
| LDP? | -1.191809 | 0.441016 | -2.702420 | 0.0114 |
| TCITR? | 0.027323 | 0.032266 | 0.846791 | 0.4040 |
| TPITR? | -0.074392 | 0.034372 | -2.164351 | 0.0388 |
| TE? | -0.021310 | 0.087230 | -0.244295 | 0.8087 |
| NL? | 0.121610 | 0.111509 | 1.090584 | 0.2844 |
| FDII? | 0.087819 | 0.029180 | 3.009589 | 0.0054 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.003222 | | | |
| _BG--C | -0.037158 | | | |
| _CZ--C | -0.007271 | | | |
| _DK--C | 0.018210 | | | |
| _DE--C | 0.008062 | | | |
| _EE--C | -0.019346 | | | |
| _IE--C | 0.032445 | | | |
| _EL--C | 0.001128 | | | |
| _ES--C | -0.012100 | | | |
| _FR--C | 0.009321 | | | |
| _IT--C | -0.015487 | | | |
| _CY--C | 0.003261 | | | |
| _LV--C | -0.006829 | | | |
| _LT--C | 0.002000 | | | |
| _LU--C | 0.028521 | | | |
| _HU--C | -0.005274 | | | |
| _MT--C | -0.037055 | | | |
| _NL--C | 0.012838 | | | |

| | |
|---|---|
| _AT--C | 0.012999 |
| _PL--C | 0.003441 |
| _PT--C | -0.036720 |
| _RO--C | -0.030817 |
| _SL--C | 0.011903 |
| _SK--C | -0.009009 |
| _FI--C | 0.017784 |
| _SE--C | 0.023713 |
| _UK--C | 0.007477 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.949368 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.888260 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006091 | Akaike info criterion | -7.063274 |
| Sum squared resid | 0.001076 | Schwarz criterion | -5.858998 |
| Log likelihood | 265.5564 | F-statistic | 15.53602 |
| Durbin-Watson stat | 2.913347 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:26
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.155709 | 0.064838 | 2.401513 | 0.0227 |
| ILPPSRGDPPC? | -0.037797 | 0.020809 | -1.816377 | 0.0793 |
| GFI? | 0.192401 | 0.079055 | 2.433765 | 0.0211 |
| STEA? | -0.030349 | 0.044491 | -0.682143 | 0.5004 |
| LDP? | -1.184089 | 0.467298 | -2.533907 | 0.0167 |
| TCITR? | 4.57E-05 | 0.031474 | 0.001453 | 0.9989 |
| TE? | -0.087138 | 0.086630 | -1.005864 | 0.3225 |
| NL? | 0.129085 | 0.118101 | 1.093001 | 0.2831 |
| FDII? | 0.089352 | 0.030911 | 2.890661 | 0.0071 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.002578 | | | |
| _BG--C | -0.042605 | | | |
| _CZ--C | -0.006456 | | | |
| _DK--C | 0.012004 | | | |
| _DE--C | 0.009914 | | | |
| _EE--C | -0.025442 | | | |
| _IE--C | 0.027025 | | | |
| _EL--C | 0.006853 | | | |
| _ES--C | -0.013812 | | | |
| _FR--C | 0.012480 | | | |
| _IT--C | -0.005119 | | | |
| _CY--C | 0.007318 | | | |
| _LV--C | -0.013523 | | | |
| _LT--C | -0.007230 | | | |
| _LU--C | 0.038984 | | | |
| _HU--C | -0.006058 | | | |
| _MT--C | -0.022254 | | | |
| _NL--C | 0.010407 | | | |
| _AT--C | 0.014823 | | | |

| | |
|---|---|
| _PL--C | -0.002756 |
| _PT--C | -0.027807 |
| _RO--C | -0.039470 |
| _SL--C | 0.003675 |
| _SK--C | -0.011344 |
| _FI--C | 0.014930 |
| _SE--C | 0.023902 |
| _UK--C | 0.013028 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.941189 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.874537 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006455 | Akaike info criterion | -6.944304 |
| Sum squared resid | 0.001250 | Schwarz criterion | -5.773480 |
| Log likelihood | 260.6899 | F-statistic | 14.12094 |
| Durbin-Watson stat | 2.934082 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 17:28
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.177025 | 0.049767 | 3.557060 | 0.0013 |
| ILPPSRGDPPC? | -0.038378 | 0.016820 | -2.281759 | 0.0298 |
| GFI? | 0.174044 | 0.071812 | 2.423589 | 0.0216 |
| STEA? | -0.043322 | 0.042236 | -1.025703 | 0.3132 |
| LDP? | -1.260518 | 0.431438 | -2.921665 | 0.0066 |
| TPITR? | -0.063024 | 0.031492 | -2.001284 | 0.0545 |
| TE? | -0.040919 | 0.083702 | -0.488866 | 0.6285 |
| NL? | 0.116706 | 0.110832 | 1.052999 | 0.3007 |
| FDII? | 0.087059 | 0.029028 | 2.999142 | 0.0054 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.002118 | | | |
| _BG--C | -0.048985 | | | |
| _CZ--C | -0.010124 | | | |
| _DK--C | 0.021756 | | | |
| _DE--C | 0.014895 | | | |
| _EE--C | -0.028467 | | | |
| _IE--C | 0.032460 | | | |
| _EL--C | 0.003298 | | | |
| _ES--C | -0.010241 | | | |
| _FR--C | 0.015126 | | | |
| _IT--C | -0.008290 | | | |
| _CY--C | 0.002948 | | | |
| _LV--C | -0.019483 | | | |
| _LT--C | -0.009448 | | | |
| _LU--C | 0.039986 | | | |
| _HU--C | -0.011114 | | | |
| _MT--C | -0.032616 | | | |
| _NL--C | 0.017212 | | | |
| _AT--C | 0.017066 | | | |

| | |
|---|---|
| _PL--C | -0.003571 |
| _PT--C | -0.034771 |
| _RO--C | -0.043633 |
| _SL--C | 0.008634 |
| _SK--C | -0.015902 |
| _FI--C | 0.019677 |
| _SE--C | 0.027426 |
| _UK--C | 0.011522 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.948116 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.889314 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006063 | Akaike info criterion | -7.069618 |
| Sum squared resid | 0.001103 | Schwarz criterion | -5.898794 |
| Log likelihood | 264.7626 | F-statistic | 16.12394 |
| Durbin-Watson stat | 2.872057 | Prob(F-statistic) | 0.000000 |

### C.4.4 Tax Structure Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:01
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.046287 | 0.067251 | 0.688272 | 0.4958 |
| ILPPSRGDPPC? | -0.021063 | 0.022293 | -0.944792 | 0.3512 |
| GFI? | 0.220354 | 0.086025 | 2.561515 | 0.0149 |
| STEA? | -0.003007 | 0.049477 | -0.060784 | 0.9519 |
| LDP? | -1.523546 | 0.490834 | -3.103993 | 0.0038 |
| TT? | -0.098206 | 0.188856 | -0.520003 | 0.6063 |
| CT? | 0.411393 | 0.258386 | 1.592166 | 0.1203 |
| KT? | -0.140847 | 0.251950 | -0.559026 | 0.5797 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.011732 | | | |
| _BG--C | -0.035935 | | | |
| _CZ--C | -0.009492 | | | |
| _DK--C | -0.007384 | | | |
| _DE--C | -0.000358 | | | |
| _EE--C | -0.024764 | | | |
| _IE--C | 0.038376 | | | |
| _EL--C | -0.002446 | | | |
| _ES--C | 0.004687 | | | |
| _FR--C | 0.010426 | | | |
| _IT--C | 0.001766 | | | |
| _CY--C | 0.009312 | | | |
| _LV--C | -0.014993 | | | |
| _LT--C | -0.010957 | | | |
| _LU--C | 0.051296 | | | |
| _HU--C | -0.028869 | | | |
| _MT--C | -0.015915 | | | |
| _NL--C | 0.006676 | | | |
| _AT--C | 0.000382 | | | |

| | |
|---|---|
| _PL--C | -0.006310 |
| _PT--C | -0.027225 |
| _RO--C | -0.030036 |
| _SL--C | -0.014692 |
| _SK--C | -0.012927 |
| _FI--C | 0.009031 |
| _SE--C | 0.017587 |
| _UK--C | 0.015841 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.916770 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.838297 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007156 | Akaike info criterion | -6.734896 |
| Sum squared resid | 0.001792 | Schwarz criterion | -5.634032 |
| Log likelihood | 266.3539 | F-statistic | 11.68251 |
| Durbin-Watson stat | 2.927176 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:03
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.048373 | 0.067173 | 0.720130 | 0.4762 |
| ILPPSRGDPPC? | -0.021302 | 0.022153 | -0.961584 | 0.3429 |
| GFI? | 0.217407 | 0.085701 | 2.536804 | 0.0158 |
| STEA? | -0.003004 | 0.049103 | -0.061175 | 0.9516 |
| LDP? | -1.527923 | 0.489310 | -3.122610 | 0.0036 |
| TT? | 0.325894 | 0.189527 | 1.719510 | 0.0944 |
| KT? | -0.570590 | 0.259206 | -2.201300 | 0.0344 |
| LT? | -0.433212 | 0.260246 | -1.664627 | 0.1049 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.011790 | | | |
| _BG--C | -0.037467 | | | |
| _CZ--C | -0.009403 | | | |
| _DK--C | -0.006637 | | | |
| _DE--C | 3.07E-05 | | | |
| _EE--C | -0.025334 | | | |
| _IE--C | 0.037781 | | | |
| _EL--C | -0.003143 | | | |
| _ES--C | 0.007246 | | | |
| _FR--C | 0.011749 | | | |
| _IT--C | 0.002119 | | | |
| _CY--C | 0.008359 | | | |
| _LV--C | -0.015729 | | | |
| _LT--C | -0.011240 | | | |
| _LU--C | 0.051560 | | | |
| _HU--C | -0.029577 | | | |
| _MT--C | -0.016936 | | | |
| _NL--C | 0.006712 | | | |
| _AT--C | 0.000996 | | | |
| _PL--C | -0.005857 | | | |

| | |
|---|---|
| _PT--C | -0.028005 |
| _RO--C | -0.031130 |
| _SL--C | -0.014694 |
| _SK--C | -0.013509 |
| _FI--C | 0.009094 |
| _SE--C | 0.018264 |
| _UK--C | 0.015452 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.917290 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.839307 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007134 | Akaike info criterion | -6.741164 |
| Sum squared resid | 0.001781 | Schwarz criterion | -5.640300 |
| Log likelihood | 266.5701 | F-statistic | 11.76263 |
| Durbin-Watson stat | 2.939377 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:06
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.048237 | 0.067501 | 0.714609 | 0.4796 |
| ILPPSRGDPPC? | -0.021792 | 0.022241 | -0.979817 | 0.3339 |
| GFI? | 0.221046 | 0.086191 | 2.564593 | 0.0148 |
| STEA? | -0.001850 | 0.049377 | -0.037466 | 0.9703 |
| LDP? | -1.526000 | 0.491357 | -3.105683 | 0.0038 |
| TT? | -0.228409 | 0.191126 | -1.195069 | 0.2401 |
| CT? | 0.540627 | 0.254448 | 2.124709 | 0.0407 |
| LT? | 0.121793 | 0.249105 | 0.488922 | 0.6279 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.012560 | | | |
| _BG--C | -0.036908 | | | |
| _CZ--C | -0.009752 | | | |
| _DK--C | -0.006676 | | | |
| _DE--C | 0.000365 | | | |
| _EE--C | -0.025030 | | | |
| _IE--C | 0.038124 | | | |
| _EL--C | -0.002858 | | | |
| _ES--C | 0.004046 | | | |
| _FR--C | 0.010554 | | | |
| _IT--C | 0.002077 | | | |
| _CY--C | 0.008642 | | | |
| _LV--C | -0.015627 | | | |
| _LT--C | -0.011631 | | | |
| _LU--C | 0.051412 | | | |
| _HU--C | -0.028817 | | | |
| _MT--C | -0.015937 | | | |
| _NL--C | 0.007201 | | | |
| _AT--C | 0.001054 | | | |
| _PL--C | -0.007650 | | | |

| | |
|---|---|
| _PT--C | -0.027217 |
| _RO--C | -0.031090 |
| _SL--C | -0.014360 |
| _SK--C | -0.013709 |
| _FI--C | 0.009574 |
| _SE--C | 0.018853 |
| _UK--C | 0.015513 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.916597 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.837959 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007164 | Akaike info criterion | -6.732813 |
| Sum squared resid | 0.001796 | Schwarz criterion | -5.631949 |
| Log likelihood | 266.2821 | F-statistic | 11.65600 |
| Durbin-Watson stat | 2.924153 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:09
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.090082 | 0.061952 | 1.454064 | 0.1567 |
| ILPPSRGDPPC? | -0.019903 | 0.020908 | -0.951951 | 0.3490 |
| GFI? | 0.179400 | 0.078696 | 2.279647 | 0.0302 |
| STEA? | -0.058979 | 0.050527 | -1.167281 | 0.2526 |
| LDP? | -1.134515 | 0.456090 | -2.487479 | 0.0189 |
| TT? | 0.151114 | 0.195699 | 0.772176 | 0.4463 |
| CT? | -0.154077 | 0.281977 | -0.546418 | 0.5890 |
| KT? | -0.494502 | 0.293639 | -1.684047 | 0.1029 |
| NL? | 0.293074 | 0.092380 | 3.172485 | 0.0036 |
| FDII? | 0.073056 | 0.033019 | 2.212526 | 0.0350 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014768 | | | |
| _BG--C | -0.019865 | | | |
| _CZ--C | 0.004497 | | | |
| _DK--C | -0.017725 | | | |
| _DE--C | -0.006512 | | | |
| _EE--C | -0.018472 | | | |
| _IE--C | 0.035181 | | | |
| _EL--C | 0.020066 | | | |
| _ES--C | -0.011290 | | | |
| _FR--C | 0.002420 | | | |
| _IT--C | -0.009227 | | | |
| _CY--C | 0.028045 | | | |
| _LV--C | 0.004152 | | | |
| _LT--C | 0.008241 | | | |
| _LU--C | 0.036336 | | | |
| _HU--C | -0.003800 | | | |
| _MT--C | -0.016383 | | | |
| _NL--C | -0.002689 | | | |

| | |
|---|---|
| _AT--C | -0.005062 |
| _PL--C | 0.025132 |
| _PT--C | -0.025853 |
| _RO--C | -0.008980 |
| _SL--C | -0.006686 |
| _SK--C | 0.015101 |
| _FI--C | -0.006100 |
| _SE--C | -0.012945 |
| _UK--C | 0.025226 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.945225 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.879117 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006336 | Akaike info criterion | -6.984626 |
| Sum squared resid | 0.001164 | Schwarz criterion | -5.780350 |
| Log likelihood | 263.0003 | F-statistic | 14.29828 |
| Durbin-Watson stat | 2.897725 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:13
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.090024 | 0.062007 | 1.451822 | 0.1573 |
| ILPPSRGDPPC? | -0.020072 | 0.020826 | -0.963811 | 0.3431 |
| GFI? | 0.180525 | 0.078526 | 2.298927 | 0.0289 |
| STEA? | -0.058621 | 0.050342 | -1.164462 | 0.2537 |
| LDP? | -1.134418 | 0.456331 | -2.485954 | 0.0189 |
| TT? | -0.004692 | 0.188910 | -0.024837 | 0.9804 |
| KT? | -0.336712 | 0.270240 | -1.245973 | 0.2227 |
| LT? | 0.155975 | 0.288540 | 0.540566 | 0.5929 |
| NL? | 0.293837 | 0.093441 | 3.144619 | 0.0038 |
| FDII? | 0.073251 | 0.033087 | 2.213891 | 0.0349 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014468 | | | |
| _BG--C | -0.019893 | | | |
| _CZ--C | 0.004423 | | | |
| _DK--C | -0.017822 | | | |
| _DE--C | -0.006388 | | | |
| _EE--C | -0.018577 | | | |
| _IE--C | 0.035301 | | | |
| _EL--C | 0.020218 | | | |
| _ES--C | -0.012073 | | | |
| _FR--C | 0.002196 | | | |
| _IT--C | -0.009075 | | | |
| _CY--C | 0.028173 | | | |
| _LV--C | 0.004053 | | | |
| _LT--C | 0.008012 | | | |
| _LU--C | 0.036501 | | | |
| _HU--C | -0.003679 | | | |
| _MT--C | -0.016082 | | | |
| _NL--C | -0.002533 | | | |

| | |
|---|---|
| _AT--C | -0.005029 |
| _PL--C | 0.024645 |
| _PT--C | -0.025599 |
| _RO--C | -0.009042 |
| _SL--C | -0.006692 |
| _SK--C | 0.015027 |
| _FI--C | -0.005996 |
| _SE--C | -0.012810 |
| _UK--C | 0.025353 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.945213 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.879091 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006336 | Akaike info criterion | -6.984409 |
| Sum squared resid | 0.001164 | Schwarz criterion | -5.780133 |
| Log likelihood | 262.9933 | F-statistic | 14.29499 |
| Durbin-Watson stat | 2.896693 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:11
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.089985 | 0.062065 | 1.449861 | 0.1578 |
| ILPPSRGDPPC? | -0.020387 | 0.020823 | -0.979081 | 0.3356 |
| GFI? | 0.182714 | 0.078781 | 2.319264 | 0.0276 |
| STEA? | -0.058174 | 0.050436 | -1.153427 | 0.2582 |
| LDP? | -1.132695 | 0.456445 | -2.481556 | 0.0191 |
| TT? | -0.335055 | 0.206067 | -1.625950 | 0.1148 |
| CT? | 0.323787 | 0.262388 | 1.234001 | 0.2271 |
| LT? | 0.488020 | 0.291743 | 1.672774 | 0.1051 |
| NL? | 0.295856 | 0.093486 | 3.164727 | 0.0036 |
| FDII? | 0.073906 | 0.032942 | 2.243531 | 0.0327 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014049 | | | |
| _BG--C | -0.019707 | | | |
| _CZ--C | 0.004308 | | | |
| _DK--C | -0.018022 | | | |
| _DE--C | -0.006180 | | | |
| _EE--C | -0.018586 | | | |
| _IE--C | 0.035535 | | | |
| _EL--C | 0.020574 | | | |
| _ES--C | -0.013916 | | | |
| _FR--C | 0.001564 | | | |
| _IT--C | -0.008969 | | | |
| _CY--C | 0.028487 | | | |
| _LV--C | 0.004060 | | | |
| _LT--C | 0.007741 | | | |
| _LU--C | 0.036649 | | | |
| _HU--C | -0.003246 | | | |
| _MT--C | -0.015480 | | | |
| _NL--C | -0.002270 | | | |

| | |
|---|---|
| _AT--C | -0.005014 |
| _PL--C | 0.023743 |
| _PT--C | -0.025094 |
| _RO--C | -0.008993 |
| _SL--C | -0.006584 |
| _SK--C | 0.015012 |
| _FI--C | -0.005825 |
| _SE--C | -0.012652 |
| _UK--C | 0.025565 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.945160 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.878974 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006339 | Akaike info criterion | -6.983436 |
| Sum squared resid | 0.001165 | Schwarz criterion | -5.779160 |
| Log likelihood | 262.9617 | F-statistic | 14.28030 |
| Durbin-Watson stat | 2.895490 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:15
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.029087 | 0.066622 | 0.436593 | 0.6651 |
| ILPPSRGDPPC? | -0.021957 | 0.021429 | -1.024632 | 0.3126 |
| GFI? | 0.238925 | 0.095183 | 2.510154 | 0.0168 |
| STEA? | 0.007837 | 0.056766 | 0.138052 | 0.8910 |
| LDP? | -1.524872 | 0.531745 | -2.867674 | 0.0070 |
| TT? | -0.009618 | 0.145778 | -0.065976 | 0.9478 |
| ET? | 0.652328 | 0.634032 | 1.028856 | 0.3106 |
| PT? | -0.251851 | 0.687055 | -0.366566 | 0.7161 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.006059 | | | |
| _BG--C | -0.021333 | | | |
| _CZ--C | -0.017622 | | | |
| _DK--C | -0.013373 | | | |
| _DE--C | -0.006990 | | | |
| _EE--C | -0.013966 | | | |
| _IE--C | 0.041321 | | | |
| _EL--C | 0.004348 | | | |
| _ES--C | 0.004125 | | | |
| _FR--C | 0.007495 | | | |
| _IT--C | -0.010011 | | | |
| _CY--C | 0.011754 | | | |
| _LV--C | -0.007645 | | | |
| _LT--C | -0.003446 | | | |
| _LU--C | 0.039115 | | | |
| _HU--C | -0.018812 | | | |
| _MT--C | -0.006165 | | | |
| _NL--C | -0.000937 | | | |
| _AT--C | -0.004854 | | | |
| _PL--C | -0.002837 | | | |

| | |
|---|---|
| _PT--C | -0.018657 |
| _RO--C | -0.021650 |
| _SL--C | -0.011404 |
| _SK--C | -0.011045 |
| _FI--C | 0.005001 |
| _SE--C | 0.010502 |
| _UK--C | 0.019637 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.908189 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.821624 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007516 | Akaike info criterion | -6.636768 |
| Sum squared resid | 0.001977 | Schwarz criterion | -5.535904 |
| Log likelihood | 262.9685 | F-statistic | 10.49145 |
| Durbin-Watson stat | 2.905689 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:19
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 69

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.030816 | 0.067039 | 0.459666 | 0.6487 |
| ILPPSRGDPPC? | -0.016487 | 0.022672 | -0.727211 | 0.4721 |
| GFI? | 0.216803 | 0.099869 | 2.170866 | 0.0370 |
| STEA? | -0.008447 | 0.060814 | -0.138903 | 0.8903 |
| LDP? | -1.570252 | 0.537958 | -2.918912 | 0.0062 |
| TT? | -0.009893 | 0.146611 | -0.067480 | 0.9466 |
| ET? | 0.594071 | 0.642041 | 0.925285 | 0.3613 |
| RTIP? | -0.793864 | 0.981766 | -0.808608 | 0.4244 |
| OPT? | 0.295345 | 0.986514 | 0.299382 | 0.7665 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.000796 | | | |
| _BG--C | -0.015834 | | | |
| _CZ--C | -0.012908 | | | |
| _DK--C | -0.007486 | | | |
| _DE--C | -0.006515 | | | |
| _EE--C | -0.004357 | | | |
| _IE--C | 0.042808 | | | |
| _EL--C | -0.004435 | | | |
| _ES--C | -0.005596 | | | |
| _FR--C | 0.006066 | | | |
| _IT--C | -0.017200 | | | |
| _CY--C | 0.011435 | | | |
| _LV--C | 0.004356 | | | |
| _LT--C | 0.004423 | | | |
| _LU--C | 0.025399 | | | |
| _HU--C | -0.016987 | | | |
| _MT--C | -0.019741 | | | |
| _NL--C | -0.005525 | | | |
| _AT--C | -0.005453 | | | |

| | |
|---|---|
| _PL--C | 0.009003 |
| _PT--C | -0.026058 |
| _RO--C | -0.013539 |
| _SL--C | -0.006689 |
| _SK--C | -0.002855 |
| _FI--C | 0.003918 |
| _SE--C | 0.012750 |
| _UK--C | 0.028991 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.909791 | Mean dependent var | 0.029490 |
| Adjusted R-squared | 0.819583 | S.D. dependent var | 0.017796 |
| S.E. of regression | 0.007559 | Akaike info criterion | -6.625390 |
| Sum squared resid | 0.001943 | Schwarz criterion | -5.492148 |
| Log likelihood | 263.5760 | F-statistic | 10.08542 |
| Durbin-Watson stat | 2.917067 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:22
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.119818 | 0.062344 | 1.921882 | 0.0645 |
| ILPPSRGDPPC? | -0.038744 | 0.019591 | -1.977636 | 0.0575 |
| GFI? | 0.160299 | 0.085321 | 1.878779 | 0.0704 |
| STEA? | -0.021098 | 0.054401 | -0.387820 | 0.7010 |
| LDP? | -0.992300 | 0.479055 | -2.071367 | 0.0473 |
| TT? | 0.053539 | 0.130796 | 0.409336 | 0.6853 |
| ET? | -0.171968 | 0.592019 | -0.290477 | 0.7735 |
| PT? | -0.949475 | 0.645624 | -1.470630 | 0.1522 |
| NL? | 0.261406 | 0.082257 | 3.177903 | 0.0035 |
| FDII? | 0.100118 | 0.031584 | 3.169878 | 0.0036 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.002005 | | | |
| _BG--C | -0.047108 | | | |
| _CZ--C | -0.011335 | | | |
| _DK--C | 0.002420 | | | |
| _DE--C | 0.000662 | | | |
| _EE--C | -0.027726 | | | |
| _IE--C | 0.025884 | | | |
| _EL--C | 0.015457 | | | |
| _ES--C | 0.002166 | | | |
| _FR--C | 0.010494 | | | |
| _IT--C | 0.000391 | | | |
| _CY--C | 0.010608 | | | |
| _LV--C | -0.006580 | | | |
| _LT--C | -0.003530 | | | |
| _LU--C | 0.037624 | | | |
| _HU--C | -0.010809 | | | |
| _MT--C | -0.011231 | | | |
| _NL--C | 0.011646 | | | |

| | |
|---|---|
| _AT--C | -0.002857 |
| _PL--C | 0.000664 |
| _PT--C | -0.017056 |
| _RO--C | -0.032539 |
| _SL--C | -0.003375 |
| _SK--C | -0.011360 |
| _FI--C | -0.004190 |
| _SE--C | 0.003660 |
| _UK--C | 0.040993 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.943658 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.875659 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006426 | Akaike info criterion | -6.956416 |
| Sum squared resid | 0.001197 | Schwarz criterion | -5.752140 |
| Log likelihood | 262.0835 | F-statistic | 13.87751 |
| Durbin-Watson stat | 2.930335 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 18:24
Sample: 1 3
Included observations: 3
Cross-sections included: 27
Total pool (unbalanced) observations: 65

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.120421 | 0.063294 | 1.902551 | 0.0674 |
| ILPPSRGDPPC? | -0.035842 | 0.021228 | -1.688423 | 0.1024 |
| GFI? | 0.151158 | 0.089706 | 1.685041 | 0.1031 |
| STEA? | -0.029879 | 0.059620 | -0.501157 | 0.6202 |
| LDP? | -1.019333 | 0.491120 | -2.075525 | 0.0472 |
| TT? | 0.052452 | 0.132779 | 0.395034 | 0.6958 |
| ET? | -0.198311 | 0.604643 | -0.327980 | 0.7454 |
| RTIP? | -1.167613 | 0.861186 | -1.355820 | 0.1860 |
| OPT? | -0.666745 | 0.976697 | -0.682653 | 0.5004 |
| NL? | 0.259117 | 0.083692 | 3.096069 | 0.0044 |
| FDII? | 0.098017 | 0.032505 | 3.015463 | 0.0054 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.001435 | | | |
| _BG--C | -0.043976 | | | |
| _CZ--C | -0.008921 | | | |
| _DK--C | 0.004801 | | | |
| _DE--C | 0.000782 | | | |
| _EE--C | -0.022784 | | | |
| _IE--C | 0.026437 | | | |
| _EL--C | 0.010735 | | | |
| _ES--C | -0.003333 | | | |
| _FR--C | 0.009152 | | | |
| _IT--C | -0.003839 | | | |
| _CY--C | 0.010265 | | | |
| _LV--C | -0.000849 | | | |
| _LT--C | 0.000405 | | | |
| _LU--C | 0.031295 | | | |
| _HU--C | -0.009944 | | | |
| _MT--C | -0.018230 | | | |

| | |
|---|---|
| _NL--C | 0.009090 |
| _AT--C | -0.003173 |
| _PL--C | 0.006163 |
| _PT--C | -0.021403 |
| _RO--C | -0.028578 |
| _SL--C | -0.001177 |
| _SK--C | -0.007231 |
| _FI--C | -0.004688 |
| _SE--C | 0.004651 |
| _UK--C | 0.044074 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.943963 | Mean dependent var | 0.029739 |
| Adjusted R-squared | 0.871915 | S.D. dependent var | 0.018223 |
| S.E. of regression | 0.006522 | Akaike info criterion | -6.931074 |
| Sum squared resid | 0.001191 | Schwarz criterion | -5.693346 |
| Log likelihood | 262.2599 | F-statistic | 13.10191 |
| Durbin-Watson stat | 2.948095 | Prob(F-statistic) | 0.000000 |

## C.5 Annual Data Panel Regressions with the Real GDP per Capita Growth Rate as the Dependent Variable

### C.5.1 Non-Tax Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:42
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.063725 | 0.057064 | 1.116732 | 0.2650 |
| ILPPSRGDPPC? | -0.014840 | 0.017676 | -0.839577 | 0.4018 |
| GFI? | 0.288672 | 0.053586 | 5.387099 | 0.0000 |
| STEA? | -0.068101 | 0.045341 | -1.501994 | 0.1341 |
| LDP? | -2.115278 | 0.338042 | -6.257448 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.006592 | | | |
| _BG--C | -0.018680 | | | |
| _CZ--C | -0.008957 | | | |
| _DK--C | 0.007142 | | | |
| _DE--C | -0.000220 | | | |
| _EE--C | 0.002968 | | | |
| _IE--C | 0.047408 | | | |
| _EL--C | -0.006710 | | | |
| _ES--C | -0.019394 | | | |
| _FR--C | 0.000490 | | | |
| _IT--C | -0.027041 | | | |
| _CY--C | 0.023943 | | | |
| _LV--C | 0.005637 | | | |
| _LT--C | 0.013064 | | | |
| _LU--C | 0.032879 | | | |
| _HU--C | -0.015960 | | | |
| _MT--C | -0.030108 | | | |
| _NL--C | 0.004896 | | | |
| _AT--C | -0.000362 | | | |

| | |
|---|---|
| _PL--C | 0.011732 |
| _PT--C | -0.049032 |
| _RO--C | -0.021052 |
| _SL--C | 0.001454 |
| _SK--C | -0.001872 |
| _FI--C | 0.018306 |
| _SE--C | 0.022478 |
| _UK--C | 0.013585 |
| Fixed Effects (Period) | |
| 1995--C | -0.002796 |
| 1996--C | -0.014399 |
| 1997--C | -0.002610 |
| 1998--C | -0.004130 |
| 1999--C | -0.007488 |
| 2000--C | 0.007714 |
| 2001--C | -0.008986 |
| 2002--C | -0.006351 |
| 2003--C | -0.003286 |
| 2004--C | 0.007825 |
| 2005--C | 0.006581 |
| 2006--C | 0.015023 |
| 2007--C | 0.012903 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.565421 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.506160 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018920 | Akaike info criterion | -4.982881 |
| Sum squared resid | 0.110252 | Schwarz criterion | -4.509908 |
| Log likelihood | 917.4957 | F-statistic | 9.541229 |
| Durbin-Watson stat | 1.280769 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:44
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.129170 | 0.067290 | 1.919594 | 0.0559 |
| ILPPSRGDPPC? | -0.016813 | 0.018713 | -0.898446 | 0.3697 |
| GFI? | 0.279494 | 0.054291 | 5.148089 | 0.0000 |
| STEA? | -0.103361 | 0.048695 | -2.122619 | 0.0346 |
| LDP? | -2.041562 | 0.328977 | -6.205783 | 0.0000 |
| TE? | -0.071711 | 0.060455 | -1.186195 | 0.2365 |
| NL? | 0.159941 | 0.078151 | 2.046577 | 0.0416 |
| FDII? | 0.016029 | 0.015566 | 1.029729 | 0.3040 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008019 | | | |
| _BG--C | -0.025498 | | | |
| _CZ--C | 0.002231 | | | |
| _DK--C | 0.014383 | | | |
| _DE--C | 0.009867 | | | |
| _EE--C | -0.000571 | | | |
| _IE--C | 0.031792 | | | |
| _EL--C | -0.004784 | | | |
| _ES--C | -0.032695 | | | |
| _FR--C | 0.007304 | | | |
| _IT--C | -0.028590 | | | |
| _CY--C | 0.018371 | | | |
| _LV--C | 0.004084 | | | |
| _LT--C | 0.015149 | | | |
| _LU--C | 0.022939 | | | |
| _HU--C | -0.003867 | | | |
| _MT--C | -0.044138 | | | |
| _NL--C | 0.005973 | | | |
| _AT--C | 0.010246 | | | |
| _PL--C | 0.019050 | | | |

| | |
|---|---|
| _PT--C | -0.061708 |
| _RO--C | -0.026822 |
| _SL--C | 0.007292 |
| _SK--C | 0.008679 |
| _FI--C | 0.020079 |
| _SE--C | 0.032015 |
| _UK--C | 0.010264 |
| Fixed Effects (Period) | |
| 1995--C | 0.003741 |
| 1996--C | -0.011002 |
| 1997--C | -0.003039 |
| 1998--C | -0.005520 |
| 1999--C | -0.010684 |
| 2000--C | 0.003178 |
| 2001--C | -0.009218 |
| 2002--C | -0.005811 |
| 2003--C | -0.001775 |
| 2004--C | 0.008563 |
| 2005--C | 0.006795 |
| 2006--C | 0.013680 |
| 2007--C | 0.011092 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.606399 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.545533 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018264 | Akaike info criterion | -5.041576 |
| Sum squared resid | 0.097066 | Schwarz criterion | -4.520140 |
| Log likelihood | 895.5055 | F-statistic | 9.962842 |
| Durbin-Watson stat | 1.331043 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:49
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.092999 | 0.066212 | 1.404558 | 0.1612 |
| ILPPSRGDPPC? | -0.016435 | 0.018561 | -0.885424 | 0.3766 |
| GFI? | 0.285482 | 0.054406 | 5.247258 | 0.0000 |
| STEA? | -0.041788 | 0.045060 | -0.927392 | 0.3545 |
| LDP? | -2.106016 | 0.329303 | -6.395373 | 0.0000 |
| TE? | -0.086468 | 0.060217 | -1.435931 | 0.1520 |
| NL? | 0.136807 | 0.076799 | 1.781349 | 0.0758 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.001087 | | | |
| _BG--C | -0.026799 | | | |
| _CZ--C | -0.011602 | | | |
| _DK--C | 0.008558 | | | |
| _DE--C | -5.20E-05 | | | |
| _EE--C | -0.013754 | | | |
| _IE--C | 0.037260 | | | |
| _EL--C | 0.002559 | | | |
| _ES--C | -0.017247 | | | |
| _FR--C | 0.010211 | | | |
| _IT--C | -0.015596 | | | |
| _CY--C | 0.021090 | | | |
| _LV--C | -0.007738 | | | |
| _LT--C | 0.001801 | | | |
| _LU--C | 0.026270 | | | |
| _HU--C | -0.006690 | | | |
| _MT--C | -0.015341 | | | |
| _NL--C | 0.006221 | | | |
| _AT--C | 0.004541 | | | |
| _PL--C | 0.009778 | | | |
| _PT--C | -0.035810 | | | |

| | |
|---|---|
| _RO--C | -0.030350 |
| _SL--C | 0.000844 |
| _SK--C | -0.002760 |
| _FI--C | 0.017336 |
| _SE--C | 0.027199 |
| _UK--C | 0.011161 |
| Fixed Effects (Period) | |
| 1995--C | 0.005454 |
| 1996--C | -0.008954 |
| 1997--C | -0.000102 |
| 1998--C | -0.003155 |
| 1999--C | -0.007334 |
| 2000--C | 0.005341 |
| 2001--C | -0.010556 |
| 2002--C | -0.006523 |
| 2003--C | -0.003156 |
| 2004--C | 0.006258 |
| 2005--C | 0.003958 |
| 2006--C | 0.011124 |
| 2007--C | 0.007645 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.591356 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.532596 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018406 | Akaike info criterion | -5.033019 |
| Sum squared resid | 0.103672 | Schwarz criterion | -4.538046 |
| Log likelihood | 928.2947 | F-statistic | 10.06403 |
| Durbin-Watson stat | 1.300780 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:52
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.088546 | 0.057964 | 1.527614 | 0.1277 |
| ILPPSRGDPPC? | -0.008932 | 0.017506 | -0.510236 | 0.6103 |
| GFI? | 0.262541 | 0.052412 | 5.009139 | 0.0000 |
| STEA? | -0.115330 | 0.047672 | -2.419262 | 0.0162 |
| LDP? | -2.022311 | 0.328806 | -6.150475 | 0.0000 |
| NL? | 0.228220 | 0.052897 | 4.314394 | 0.0000 |
| FDII? | 0.015413 | 0.015569 | 0.990006 | 0.3230 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.017186 | | | |
| _BG--C | -0.015678 | | | |
| _CZ--C | 0.008351 | | | |
| _DK--C | 0.002018 | | | |
| _DE--C | 0.006096 | | | |
| _EE--C | 0.011155 | | | |
| _IE--C | 0.031499 | | | |
| _EL--C | -0.005524 | | | |
| _ES--C | -0.034561 | | | |
| _FR--C | -0.002201 | | | |
| _IT--C | -0.036234 | | | |
| _CY--C | 0.020391 | | | |
| _LV--C | 0.017436 | | | |
| _LT--C | 0.028064 | | | |
| _LU--C | 0.013490 | | | |
| _HU--C | -0.001955 | | | |
| _MT--C | -0.045928 | | | |
| _NL--C | -0.000587 | | | |
| _AT--C | 0.002411 | | | |
| _PL--C | 0.026050 | | | |
| _PT--C | -0.064663 | | | |

| | |
|---|---|
| _RO--C | -0.012131 |
| _SL--C | 0.008145 |
| _SK--C | 0.017432 |
| _FI--C | 0.009795 |
| _SE--C | 0.019292 |
| _UK--C | 0.008208 |
| Fixed Effects (Period) | |
| 1995--C | 0.003917 |
| 1996--C | -0.010876 |
| 1997--C | -0.002778 |
| 1998--C | -0.005245 |
| 1999--C | -0.010751 |
| 2000--C | 0.003288 |
| 2001--C | -0.008914 |
| 2002--C | -0.005597 |
| 2003--C | -0.001800 |
| 2004--C | 0.008566 |
| 2005--C | 0.006563 |
| 2006--C | 0.013293 |
| 2007--C | 0.010331 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.604496 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.544900 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018276 | Akaike info criterion | -5.042687 |
| Sum squared resid | 0.097535 | Schwarz criterion | -4.532587 |
| Log likelihood | 894.6927 | F-statistic | 10.14315 |
| Durbin-Watson stat | 1.333832 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:53
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.186645 | 0.061483 | 3.035741 | 0.0026 |
| ILPPSRGDPPC? | -0.029350 | 0.017778 | -1.650917 | 0.0998 |
| GFI? | 0.308144 | 0.052741 | 5.842642 | 0.0000 |
| STEA? | -0.091284 | 0.048599 | -1.878288 | 0.0613 |
| LDP? | -2.077773 | 0.330290 | -6.290757 | 0.0000 |
| TE? | -0.162839 | 0.041114 | -3.960711 | 0.0001 |
| FDII? | 0.017421 | 0.015636 | 1.114167 | 0.2661 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.005424 | | | |
| _BG--C | -0.039177 | | | |
| _CZ--C | -0.007242 | | | |
| _DK--C | 0.034431 | | | |
| _DE--C | 0.015939 | | | |
| _EE--C | -0.014671 | | | |
| _IE--C | 0.035702 | | | |
| _EL--C | -0.006509 | | | |
| _ES--C | -0.030048 | | | |
| _FR--C | 0.019940 | | | |
| _IT--C | -0.019470 | | | |
| _CY--C | 0.015945 | | | |
| _LV--C | -0.013828 | | | |
| _LT--C | -0.002780 | | | |
| _LU--C | 0.039740 | | | |
| _HU--C | -0.010156 | | | |
| _MT--C | -0.045702 | | | |
| _NL--C | 0.016430 | | | |
| _AT--C | 0.021605 | | | |
| _PL--C | 0.007931 | | | |
| _PT--C | -0.060778 | | | |

| | |
|---|---|
| _RO--C | -0.048213 |
| _SL--C | 0.006030 |
| _SK--C | -0.005732 |
| _FI--C | 0.037505 |
| _SE--C | 0.051549 |
| _UK--C | 0.014455 |
| Fixed Effects (Period) | |
| 1995--C | 0.000691 |
| 1996--C | -0.012943 |
| 1997--C | -0.004263 |
| 1998--C | -0.006271 |
| 1999--C | -0.010654 |
| 2000--C | 0.003722 |
| 2001--C | -0.009291 |
| 2002--C | -0.006088 |
| 2003--C | -0.001760 |
| 2004--C | 0.009087 |
| 2005--C | 0.008052 |
| 2006--C | 0.015607 |
| 2007--C | 0.014111 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.600734 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.540571 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018363 | Akaike info criterion | -5.033220 |
| Sum squared resid | 0.098463 | Schwarz criterion | -4.523120 |
| Log likelihood | 893.0975 | F-statistic | 9.985047 |
| Durbin-Watson stat | 1.312403 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:56
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.146003 | 0.059358 | 2.459688 | 0.0145 |
| ILPPSRGDPPC? | -0.027543 | 0.017544 | -1.569906 | 0.1175 |
| GFI? | 0.311337 | 0.052619 | 5.916764 | 0.0000 |
| STEA? | -0.034681 | 0.045041 | -0.769970 | 0.4419 |
| LDP? | -2.134853 | 0.330067 | -6.467936 | 0.0000 |
| TE? | -0.165099 | 0.041104 | -4.016603 | 0.0001 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.009952 | | | |
| _BG--C | -0.039263 | | | |
| _CZ--C | -0.019707 | | | |
| _DK--C | 0.025824 | | | |
| _DE--C | 0.005257 | | | |
| _EE--C | -0.026040 | | | |
| _IE--C | 0.039867 | | | |
| _EL--C | 4.13E-05 | | | |
| _ES--C | -0.016429 | | | |
| _FR--C | 0.020552 | | | |
| _IT--C | -0.008936 | | | |
| _CY--C | 0.018375 | | | |
| _LV--C | -0.023449 | | | |
| _LT--C | -0.013795 | | | |
| _LU--C | 0.042029 | | | |
| _HU--C | -0.012573 | | | |
| _MT--C | -0.018708 | | | |
| _NL--C | 0.014882 | | | |
| _AT--C | 0.014195 | | | |
| _PL--C | -4.44E-05 | | | |
| _PT--C | -0.037066 | | | |
| _RO--C | -0.049540 | | | |

| | |
|---|---|
| _SL--C | -0.000570 |
| _SK--C | -0.015283 |
| _FI--C | 0.032099 |
| _SE--C | 0.044037 |
| _UK--C | 0.014293 |
| Fixed Effects (Period) | |
| 1995--C | 0.002615 |
| 1996--C | -0.010895 |
| 1997--C | -0.001289 |
| 1998--C | -0.003867 |
| 1999--C | -0.007400 |
| 2000--C | 0.005877 |
| 2001--C | -0.010424 |
| 2002--C | -0.006766 |
| 2003--C | -0.003117 |
| 2004--C | 0.006769 |
| 2005--C | 0.005155 |
| 2006--C | 0.012959 |
| 2007--C | 0.010382 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.587118 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.529288 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018472 | Akaike info criterion | -5.028400 |
| Sum squared resid | 0.104747 | Schwarz criterion | -4.544427 |
| Log likelihood | 926.4842 | F-statistic | 10.15242 |
| Durbin-Watson stat | 1.282583 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:57
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.041742 | 0.055862 | 0.747227 | 0.4555 |
| ILPPSRGDPPC? | -0.006793 | 0.017334 | -0.391880 | 0.6954 |
| GFI? | 0.264713 | 0.052539 | 5.038434 | 0.0000 |
| STEA? | -0.054086 | 0.044315 | -1.220499 | 0.2232 |
| LDP? | -2.084234 | 0.329522 | -6.325022 | 0.0000 |
| NL? | 0.217644 | 0.052329 | 4.159179 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011618 | | | |
| _BG--C | -0.014446 | | | |
| _CZ--C | -0.004209 | | | |
| _DK--C | -0.006172 | | | |
| _DE--C | -0.004516 | | | |
| _EE--C | 0.000534 | | | |
| _IE--C | 0.037547 | | | |
| _EL--C | 0.002410 | | | |
| _ES--C | -0.018448 | | | |
| _FR--C | -0.000761 | | | |
| _IT--C | -0.023919 | | | |
| _CY--C | 0.024042 | | | |
| _LV--C | 0.008593 | | | |
| _LT--C | 0.017525 | | | |
| _LU--C | 0.014740 | | | |
| _HU--C | -0.004035 | | | |
| _MT--C | -0.016114 | | | |
| _NL--C | -0.001317 | | | |
| _AT--C | -0.004690 | | | |
| _PL--C | 0.018435 | | | |
| _PT--C | -0.037968 | | | |
| _RO--C | -0.012108 | | | |

| | |
|---|---|
| _SL--C | 0.002169 |
| _SK--C | 0.007890 |
| _FI--C | 0.005270 |
| _SE--C | 0.012025 |
| _UK--C | 0.009138 |
| Fixed Effects (Period) | |
| 1995--C | 0.005820 |
| 1996--C | -0.008656 |
| 1997--C | 0.000279 |
| 1998--C | -0.002799 |
| 1999--C | -0.007317 |
| 2000--C | 0.005470 |
| 2001--C | -0.010286 |
| 2002--C | -0.006279 |
| 2003--C | -0.003220 |
| 2004--C | 0.006211 |
| 2005--C | 0.003597 |
| 2006--C | 0.010540 |
| 2007--C | 0.006639 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.588602 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.530980 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018438 | Akaike info criterion | -5.032001 |
| Sum squared resid | 0.104371 | Schwarz criterion | -4.548028 |
| Log likelihood | 927.1162 | F-statistic | 10.21480 |
| Durbin-Watson stat | 1.305594 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 20:59
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.106797 | 0.059521 | 1.794258 | 0.0738 |
| ILPPSRGDPPC? | -0.016803 | 0.017927 | -0.937300 | 0.3494 |
| GFI? | 0.284707 | 0.053705 | 5.301312 | 0.0000 |
| STEA? | -0.125098 | 0.049028 | -2.551556 | 0.0112 |
| LDP? | -2.058952 | 0.338432 | -6.083803 | 0.0000 |
| FDII? | 0.017313 | 0.016023 | 1.080474 | 0.2808 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011593 | | | |
| _BG--C | -0.019418 | | | |
| _CZ--C | 0.003060 | | | |
| _DK--C | 0.015539 | | | |
| _DE--C | 0.010087 | | | |
| _EE--C | 0.013655 | | | |
| _IE--C | 0.042533 | | | |
| _EL--C | -0.013840 | | | |
| _ES--C | -0.033701 | | | |
| _FR--C | -0.000465 | | | |
| _IT--C | -0.038088 | | | |
| _CY--C | 0.020829 | | | |
| _LV--C | 0.014492 | | | |
| _LT--C | 0.023331 | | | |
| _LU--C | 0.028445 | | | |
| _HU--C | -0.013993 | | | |
| _MT--C | -0.057898 | | | |
| _NL--C | 0.006024 | | | |
| _AT--C | 0.006789 | | | |
| _PL--C | 0.019113 | | | |
| _PT--C | -0.073472 | | | |
| _RO--C | -0.020624 | | | |

| | |
|---|---|
| _SL--C | 0.007586 |
| _SK--C | 0.007176 |
| _FI--C | 0.023384 |
| _SE--C | 0.029787 |
| _UK--C | 0.013134 |
| Fixed Effects (Period) | |
| 1995--C | -0.004901 |
| 1996--C | -0.016430 |
| 1997--C | -0.005559 |
| 1998--C | -0.006498 |
| 1999--C | -0.010920 |
| 2000--C | 0.005420 |
| 2001--C | -0.007933 |
| 2002--C | -0.005612 |
| 2003--C | -0.001850 |
| 2004--C | 0.010216 |
| 2005--C | 0.009568 |
| 2006--C | 0.017769 |
| 2007--C | 0.016732 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.579284 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.517541 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018818 | Akaike info criterion | -4.986824 |
| Sum squared resid | 0.103753 | Schwarz criterion | -4.488060 |
| Log likelihood | 884.2799 | F-statistic | 9.382139 |
| Durbin-Watson stat | 1.311462 | Prob(F-statistic) | 0.000000 |

### C.5.2 Implicit Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:06
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 263
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.020944 | 0.073564 | -0.284704 | 0.7761 |
| ILPPSRGDPPC? | 0.034064 | 0.019820 | 1.718661 | 0.0871 |
| GFI? | 0.118782 | 0.062466 | 1.901532 | 0.0585 |
| STEA? | -0.067231 | 0.049969 | -1.345457 | 0.1798 |
| LDP? | -0.890324 | 0.568383 | -1.566416 | 0.1187 |
| ITRC? | 0.034808 | 0.087381 | 0.398347 | 0.6908 |
| ITRK? | -0.055104 | 0.030655 | -1.797531 | 0.0736 |
| ITRL? | -0.037182 | 0.081712 | -0.455035 | 0.6495 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023992 | | | |
| _CZ--C | 0.010494 | | | |
| _DK--C | -0.014723 | | | |
| _DE--C | -0.020875 | | | |
| _EE--C | 0.047579 | | | |
| _ES--C | -0.028153 | | | |
| _FR--C | -0.015823 | | | |
| _IT--C | -0.038163 | | | |
| _CY--C | -0.003227 | | | |
| _LV--C | 0.060366 | | | |
| _LT--C | 0.054231 | | | |
| _HU--C | 0.004549 | | | |
| _NL--C | -0.027892 | | | |
| _AT--C | -0.017374 | | | |
| _PL--C | 0.038373 | | | |
| _PT--C | -0.048442 | | | |
| _SL--C | 0.005567 | | | |
| _SK--C | 0.030549 | | | |

| | |
|---|---|
| _FI--C | 0.003656 |
| _SE--C | 0.001598 |
| _UK--C | -0.009801 |
| Fixed Effects (Period) | |
| 1995--C | 0.004097 |
| 1996--C | -0.002571 |
| 1997--C | 0.005828 |
| 1998--C | 0.002707 |
| 1999--C | -0.003393 |
| 2000--C | 0.006803 |
| 2001--C | -0.008650 |
| 2002--C | -0.011064 |
| 2003--C | -0.008556 |
| 2004--C | 0.001842 |
| 2005--C | -0.000172 |
| 2006--C | 0.008055 |
| 2007--C | 0.005074 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.686756 | Mean dependent var | 0.033694 |
| Adjusted R-squared | 0.631973 | S.D. dependent var | 0.024934 |
| S.E. of regression | 0.015126 | Akaike info criterion | -5.405575 |
| Sum squared resid | 0.051023 | Schwarz criterion | -4.862282 |
| Log likelihood | 750.8332 | F-statistic | 12.53600 |
| Durbin-Watson stat | 1.193127 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:12
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 263
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.035812 | 0.065793 | -0.544316 | 0.5868 |
| ILPPSRGDPPC? | 0.036316 | 0.019158 | 1.895589 | 0.0593 |
| GFI? | 0.119984 | 0.062300 | 1.925924 | 0.0554 |
| STEA? | -0.071239 | 0.049100 | -1.450903 | 0.1482 |
| LDP? | -0.906710 | 0.566236 | -1.601294 | 0.1107 |
| ITRC? | 0.022554 | 0.082981 | 0.271801 | 0.7860 |
| ITRK? | -0.054775 | 0.030592 | -1.790482 | 0.0747 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.027668 | | | |
| _CZ--C | 0.009482 | | | |
| _DK--C | -0.014740 | | | |
| _DE--C | -0.022290 | | | |
| _EE--C | 0.049206 | | | |
| _ES--C | -0.028664 | | | |
| _FR--C | -0.017858 | | | |
| _IT--C | -0.042152 | | | |
| _CY--C | 0.000987 | | | |
| _LV--C | 0.062519 | | | |
| _LT--C | 0.055826 | | | |
| _HU--C | 0.004472 | | | |
| _NL--C | -0.027421 | | | |
| _AT--C | -0.019416 | | | |
| _PL--C | 0.040615 | | | |
| _PT--C | -0.045370 | | | |
| _SL--C | 0.005839 | | | |
| _SK--C | 0.032284 | | | |
| _FI--C | 0.001620 | | | |
| _SE--C | -0.001388 | | | |

| | |
|---|---|
| _UK--C | -0.007005 |
| Fixed Effects (Period) | |
| 1995--C | 0.004179 |
| 1996--C | -0.002512 |
| 1997--C | 0.005735 |
| 1998--C | 0.002523 |
| 1999--C | -0.003575 |
| 2000--C | 0.006592 |
| 2001--C | -0.008888 |
| 2002--C | -0.011169 |
| 2003--C | -0.008504 |
| 2004--C | 0.002022 |
| 2005--C | 9.40E-05 |
| 2006--C | 0.008258 |
| 2007--C | 0.005245 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.686465 | Mean dependent var | 0.033694 |
| Adjusted R-squared | 0.633276 | S.D. dependent var | 0.024934 |
| S.E. of regression | 0.015099 | Akaike info criterion | -5.412252 |
| Sum squared resid | 0.051070 | Schwarz criterion | -4.882541 |
| Log likelihood | 750.7111 | F-statistic | 12.90614 |
| Durbin-Watson stat | 1.195224 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:14
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 263
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.016813 | 0.072693 | -0.231282 | 0.8173 |
| ILPPSRGDPPC? | 0.034327 | 0.019772 | 1.736173 | 0.0839 |
| GFI? | 0.119890 | 0.062287 | 1.924805 | 0.0555 |
| STEA? | -0.070284 | 0.049285 | -1.426061 | 0.1552 |
| LDP? | -0.872458 | 0.565545 | -1.542684 | 0.1243 |
| ITRK? | -0.051778 | 0.029441 | -1.758708 | 0.0800 |
| ITRL? | -0.027151 | 0.077589 | -0.349930 | 0.7267 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.025250 | | | |
| _CZ--C | 0.010022 | | | |
| _DK--C | -0.011233 | | | |
| _DE--C | -0.021652 | | | |
| _EE--C | 0.048565 | | | |
| _ES--C | -0.031121 | | | |
| _FR--C | -0.017043 | | | |
| _IT--C | -0.041002 | | | |
| _CY--C | -0.004436 | | | |
| _LV--C | 0.060649 | | | |
| _LT--C | 0.054282 | | | |
| _HU--C | 0.006349 | | | |
| _NL--C | -0.026681 | | | |
| _AT--C | -0.017701 | | | |
| _PL--C | 0.038449 | | | |
| _PT--C | -0.049619 | | | |
| _SL--C | 0.006608 | | | |
| _SK--C | 0.031189 | | | |
| _FI--C | 0.005071 | | | |
| _SE--C | 0.002606 | | | |

| | |
|---|---|
| _UK--C | -0.010378 |
| Fixed Effects (Period) | |
| 1995--C | 0.004094 |
| 1996--C | -0.002686 |
| 1997--C | 0.005696 |
| 1998--C | 0.002613 |
| 1999--C | -0.003453 |
| 2000--C | 0.006604 |
| 2001--C | -0.008922 |
| 2002--C | -0.011206 |
| 2003--C | -0.008526 |
| 2004--C | 0.001996 |
| 2005--C | 0.000114 |
| 2006--C | 0.008327 |
| 2007--C | 0.005348 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.686533 | Mean dependent var | 0.033694 |
| Adjusted R-squared | 0.633355 | S.D. dependent var | 0.024934 |
| S.E. of regression | 0.015098 | Akaike info criterion | -5.412469 |
| Sum squared resid | 0.051059 | Schwarz criterion | -4.882758 |
| Log likelihood | 750.7396 | F-statistic | 12.91021 |
| Durbin-Watson stat | 1.196201 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:16
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 338

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.023670 | 0.059390 | -0.398556 | 0.6905 |
| ILPPSRGDPPC? | 0.004342 | 0.017943 | 0.242013 | 0.8089 |
| GFI? | 0.239157 | 0.055330 | 4.322404 | 0.0000 |
| STEA? | -0.061804 | 0.045911 | -1.346173 | 0.1793 |
| LDP? | -2.101407 | 0.389676 | -5.392698 | 0.0000 |
| ITRC? | 0.226163 | 0.061585 | 3.672376 | 0.0003 |
| ITRL? | -0.022921 | 0.027389 | -0.836846 | 0.4034 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.013340 | | | |
| _BG--C | 0.003108 | | | |
| _CZ--C | 0.000201 | | | |
| _DK--C | -0.028820 | | | |
| _DE--C | -0.003501 | | | |
| _EE--C | 0.018723 | | | |
| _IE--C | 0.026271 | | | |
| _EL--C | 0.005285 | | | |
| _ES--C | -0.009219 | | | |
| _FR--C | -0.006004 | | | |
| _IT--C | -0.022806 | | | |
| _CY--C | 0.031086 | | | |
| _LV--C | 0.027185 | | | |
| _LT--C | 0.033275 | | | |
| _LU--C | 0.006310 | | | |
| _HU--C | -0.019703 | | | |
| _MT--C | -0.020176 | | | |
| _NL--C | -0.012486 | | | |
| _AT--C | -0.008962 | | | |
| _PL--C | 0.025197 | | | |
| _PT--C | -0.042462 | | | |

| | |
|---|---|
| _RO--C | -9.98E-05 |
| _SL--C | -0.002236 |
| _SK--C | 0.007329 |
| _FI--C | -0.002082 |
| _SE--C | 0.001996 |
| _UK--C | 0.007462 |
| Fixed Effects (Period) | |
| 1995--C | -0.000689 |
| 1996--C | -0.009217 |
| 1997--C | 0.001990 |
| 1998--C | -0.000122 |
| 1999--C | -0.006007 |
| 2000--C | 0.009673 |
| 2001--C | -0.008784 |
| 2002--C | -0.005999 |
| 2003--C | -0.005317 |
| 2004--C | 0.003588 |
| 2005--C | 0.002622 |
| 2006--C | 0.010595 |
| 2007--C | 0.007667 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.598556 | Mean dependent var | 0.034642 |
| Adjusted R-squared | 0.538271 | S.D. dependent var | 0.026891 |
| S.E. of regression | 0.018273 | Akaike info criterion | -5.043421 |
| Sum squared resid | 0.097830 | Schwarz criterion | -4.534436 |
| Log likelihood | 897.3382 | F-statistic | 9.928750 |
| Durbin-Watson stat | 1.319002 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:18
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 346

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.008051 | 0.058946 | 0.136587 | 0.8914 |
| ILPPSRGDPPC? | -0.003075 | 0.017883 | -0.171937 | 0.8636 |
| GFI? | 0.246238 | 0.055352 | 4.448578 | 0.0000 |
| STEA? | -0.077736 | 0.045505 | -1.708319 | 0.0886 |
| LDP? | -2.060755 | 0.340078 | -6.059662 | 0.0000 |
| ITRC? | 0.183373 | 0.053554 | 3.424099 | 0.0007 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.013904 | | | |
| _BG--C | -0.004471 | | | |
| _CZ--C | -0.000632 | | | |
| _DK--C | -0.020141 | | | |
| _DE--C | -0.000577 | | | |
| _EE--C | 0.015985 | | | |
| _IE--C | 0.033207 | | | |
| _EL--C | 0.000685 | | | |
| _ES--C | -0.013467 | | | |
| _FR--C | -0.005943 | | | |
| _IT--C | -0.027767 | | | |
| _CY--C | 0.030445 | | | |
| _LV--C | 0.022119 | | | |
| _LT--C | 0.029009 | | | |
| _LU--C | 0.013794 | | | |
| _HU--C | -0.021449 | | | |
| _MT--C | -0.027428 | | | |
| _NL--C | -0.007902 | | | |
| _AT--C | -0.006088 | | | |
| _PL--C | 0.021930 | | | |
| _PT--C | -0.048705 | | | |
| _RO--C | 0.007531 | | | |

| | |
|---|---|
| _SL--C | -0.001435 |
| _SK--C | 0.005781 |
| _FI--C | 0.001493 |
| _SE--C | 0.006062 |
| _UK--C | 0.010465 |
| Fixed Effects (Period) | |
| 1995--C | -0.000469 |
| 1996--C | -0.011745 |
| 1997--C | -0.000236 |
| 1998--C | -0.002071 |
| 1999--C | -0.007133 |
| 2000--C | 0.008128 |
| 2001--C | -0.008119 |
| 2002--C | -0.006307 |
| 2003--C | -0.004223 |
| 2004--C | 0.006171 |
| 2005--C | 0.003977 |
| 2006--C | 0.012286 |
| 2007--C | 0.009740 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.580525 | Mean dependent var | 0.035224 |
| Adjusted R-squared | 0.520798 | S.D. dependent var | 0.027066 |
| S.E. of regression | 0.018736 | Akaike info criterion | -4.998390 |
| Sum squared resid | 0.106016 | Schwarz criterion | -4.509248 |
| Log likelihood | 908.7215 | F-statistic | 9.719696 |
| Durbin-Watson stat | 1.292698 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:19
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 263
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.029982 | 0.062070 | -0.483037 | 0.6295 |
| ILPPSRGDPPC? | 0.036069 | 0.019097 | 1.888727 | 0.0602 |
| GFI? | 0.120546 | 0.062137 | 1.939995 | 0.0536 |
| STEA? | -0.072650 | 0.048724 | -1.491064 | 0.1373 |
| LDP? | -0.890753 | 0.562024 | -1.584903 | 0.1144 |
| ITRK? | -0.052457 | 0.029319 | -1.789178 | 0.0749 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.027859 | | | |
| _CZ--C | 0.009339 | | | |
| _DK--C | -0.012239 | | | |
| _DE--C | -0.022573 | | | |
| _EE--C | 0.049597 | | | |
| _ES--C | -0.030690 | | | |
| _FR--C | -0.018339 | | | |
| _IT--C | -0.043414 | | | |
| _CY--C | -0.000693 | | | |
| _LV--C | 0.062306 | | | |
| _LT--C | 0.055554 | | | |
| _HU--C | 0.005776 | | | |
| _NL--C | -0.026645 | | | |
| _AT--C | -0.019255 | | | |
| _PL--C | 0.040236 | | | |
| _PT--C | -0.046806 | | | |
| _SL--C | 0.006532 | | | |
| _SK--C | 0.032407 | | | |
| _FI--C | 0.003026 | | | |
| _SE--C | -9.01E-05 | | | |
| _UK--C | -0.007958 | | | |

| | |
|---|---|
| Fixed Effects (Period) | |
| 1995--C | 0.004161 |
| 1996--C | -0.002606 |
| 1997--C | 0.005659 |
| 1998--C | 0.002491 |
| 1999--C | -0.003582 |
| 2000--C | 0.006491 |
| 2001--C | -0.009037 |
| 2002--C | -0.011250 |
| 2003--C | -0.008493 |
| 2004--C | 0.002097 |
| 2005--C | 0.000247 |
| 2006--C | 0.008414 |
| 2007--C | 0.005408 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.686361 | Mean dependent var | 0.033694 |
| Adjusted R-squared | 0.634785 | S.D. dependent var | 0.024934 |
| S.E. of regression | 0.015068 | Akaike info criterion | -5.419527 |
| Sum squared resid | 0.051087 | Schwarz criterion | -4.903398 |
| Log likelihood | 750.6678 | F-statistic | 13.30773 |
| Durbin-Watson stat | 1.197123 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:21
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 342

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.028043 | 0.058427 | 0.479972 | 0.6316 |
| ILPPSRGDPPC? | -0.003125 | 0.018029 | -0.173349 | 0.8625 |
| GFI? | 0.274066 | 0.054354 | 5.042221 | 0.0000 |
| STEA? | -0.062614 | 0.046107 | -1.358032 | 0.1755 |
| LDP? | -2.198379 | 0.389950 | -5.637588 | 0.0000 |
| ITRL? | 0.006478 | 0.026555 | 0.243930 | 0.8075 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011326 | | | |
| _BG--C | -0.008440 | | | |
| _CZ--C | -0.008252 | | | |
| _DK--C | 0.001087 | | | |
| _DE--C | -0.006216 | | | |
| _EE--C | 0.008728 | | | |
| _IE--C | 0.043332 | | | |
| _EL--C | -0.005368 | | | |
| _ES--C | -0.016942 | | | |
| _FR--C | -0.003428 | | | |
| _IT--C | -0.029924 | | | |
| _CY--C | 0.024453 | | | |
| _LV--C | 0.013639 | | | |
| _LT--C | 0.019114 | | | |
| _LU--C | 0.022223 | | | |
| _HU--C | -0.012367 | | | |
| _MT--C | -0.026112 | | | |
| _NL--C | -0.000472 | | | |
| _AT--C | -0.005877 | | | |
| _PL--C | 0.017348 | | | |
| _PT--C | -0.045063 | | | |
| _RO--C | -0.026872 | | | |

| | |
|---|---|
| _SL--C | 0.001595 |
| _SK--C | 0.002973 |
| _FI--C | 0.013977 |
| _SE--C | 0.016591 |
| _UK--C | 0.009549 |
| Fixed Effects (Period) | |
| 1995--C | -0.001814 |
| 1996--C | -0.011536 |
| 1997--C | -9.98E-05 |
| 1998--C | -0.002049 |
| 1999--C | -0.005983 |
| 2000--C | 0.008410 |
| 2001--C | -0.010642 |
| 2002--C | -0.006816 |
| 2003--C | -0.005085 |
| 2004--C | 0.004944 |
| 2005--C | 0.005625 |
| 2006--C | 0.013761 |
| 2007--C | 0.011285 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.580651 | Mean dependent var | 0.034537 |
| Adjusted R-squared | 0.520141 | S.D. dependent var | 0.026757 |
| S.E. of regression | 0.018535 | Akaike info criterion | -5.018722 |
| Sum squared resid | 0.102377 | Schwarz criterion | -4.525354 |
| Log likelihood | 902.2014 | F-statistic | 9.595952 |
| Durbin-Watson stat | 1.323310 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:23
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 256
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.021896 | 0.074257 | -0.294873 | 0.7684 |
| ILPPSRGDPPC? | 0.031753 | 0.020496 | 1.549199 | 0.1228 |
| GFI? | 0.149493 | 0.063791 | 2.343470 | 0.0200 |
| STEA? | -0.049365 | 0.050681 | -0.974046 | 0.3311 |
| LDP? | -0.949950 | 0.573734 | -1.655733 | 0.0992 |
| ITRC? | 0.074902 | 0.108205 | 0.692219 | 0.4896 |
| ITRK? | -0.042022 | 0.041087 | -1.022735 | 0.3076 |
| ITRL? | 0.047830 | 0.101051 | 0.473324 | 0.6365 |
| TE? | -0.122776 | 0.110599 | -1.110104 | 0.2682 |
| NL? | -0.018643 | 0.134563 | -0.138543 | 0.8899 |
| FDII? | 0.045315 | 0.033104 | 1.368878 | 0.1725 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.026026 | | | |
| _CZ--C | -0.001476 | | | |
| _DK--C | -0.012025 | | | |
| _DE--C | -0.019231 | | | |
| _EE--C | 0.028174 | | | |
| _ES--C | -0.026718 | | | |
| _FR--C | -0.008000 | | | |
| _IT--C | -0.031883 | | | |
| _CY--C | 0.003881 | | | |
| _LV--C | 0.046100 | | | |
| _LT--C | 0.041865 | | | |
| _HU--C | 0.001823 | | | |
| _NL--C | -0.024211 | | | |
| _AT--C | -0.013655 | | | |
| _PL--C | 0.036110 | | | |
| _PT--C | -0.031499 | | | |

| | |
|---|---|
| _SL--C | 0.003125 |
| _SK--C | 0.020420 |
| _FI--C | 0.003394 |
| _SE--C | 0.003916 |
| _UK--C | -0.004268 |
| Fixed Effects (Period) | |
| 1995--C | 0.009693 |
| 1996--C | 0.001710 |
| 1997--C | 0.007524 |
| 1998--C | 0.002719 |
| 1999--C | -0.005533 |
| 2000--C | 0.003697 |
| 2001--C | -0.009530 |
| 2002--C | -0.011380 |
| 2003--C | -0.007525 |
| 2004--C | 0.001969 |
| 2005--C | -0.001179 |
| 2006--C | 0.006305 |
| 2007--C | 0.001529 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.697783 | Mean dependent var | 0.034005 |
| Adjusted R-squared | 0.638191 | S.D. dependent var | 0.025137 |
| S.E. of regression | 0.015120 | Akaike info criterion | -5.393529 |
| Sum squared resid | 0.048696 | Schwarz criterion | -4.798050 |
| Log likelihood | 733.3718 | F-statistic | 11.70931 |
| Durbin-Watson stat | 1.187841 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:25
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 256
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.007376 | 0.067501 | -0.109268 | 0.9131 |
| ILPPSRGDPPC? | 0.028853 | 0.019524 | 1.477842 | 0.1409 |
| GFI? | 0.148410 | 0.063634 | 2.332221 | 0.0206 |
| STEA? | -0.047483 | 0.050433 | -0.941517 | 0.3475 |
| LDP? | -0.941020 | 0.572383 | -1.644039 | 0.1016 |
| ITRC? | 0.068595 | 0.107187 | 0.639956 | 0.5229 |
| ITRK? | -0.048979 | 0.038299 | -1.278875 | 0.2023 |
| TE? | -0.092836 | 0.090560 | -1.025136 | 0.3065 |
| NL? | 0.011565 | 0.118251 | 0.097796 | 0.9222 |
| FDII? | 0.045789 | 0.033029 | 1.386347 | 0.1671 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.022804 | | | |
| _CZ--C | 0.000977 | | | |
| _DK--C | -0.011905 | | | |
| _DE--C | -0.018018 | | | |
| _EE--C | 0.027522 | | | |
| _ES--C | -0.026196 | | | |
| _FR--C | -0.006516 | | | |
| _IT--C | -0.028413 | | | |
| _CY--C | -0.000663 | | | |
| _LV--C | 0.044732 | | | |
| _LT--C | 0.041119 | | | |
| _HU--C | 0.002501 | | | |
| _NL--C | -0.025021 | | | |
| _AT--C | -0.012277 | | | |
| _PL--C | 0.033958 | | | |
| _PT--C | -0.035836 | | | |
| _SL--C | 0.003276 | | | |

| | |
|---|---|
| _SK--C | 0.020190 |
| _FI--C | 0.005008 |
| _SE--C | 0.005847 |
| _UK--C | -0.006199 |
| Fixed Effects (Period) | |
| 1995--C | 0.009212 |
| 1996--C | 0.001141 |
| 1997--C | 0.007277 |
| 1998--C | 0.002753 |
| 1999--C | -0.005383 |
| 2000--C | 0.003888 |
| 2001--C | -0.009244 |
| 2002--C | -0.011133 |
| 2003--C | -0.007467 |
| 2004--C | 0.002034 |
| 2005--C | -0.001176 |
| 2006--C | 0.006349 |
| 2007--C | 0.001749 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.697465 | Mean dependent var | 0.034005 |
| Adjusted R-squared | 0.639503 | S.D. dependent var | 0.025137 |
| S.E. of regression | 0.015093 | Akaike info criterion | -5.400291 |
| Sum squared resid | 0.048747 | Schwarz criterion | -4.818660 |
| Log likelihood | 733.2372 | F-statistic | 12.03307 |
| Durbin-Watson stat | 1.184724 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:28
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 256
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.013255 | 0.073111 | -0.181306 | 0.8563 |
| ILPPSRGDPPC? | 0.030516 | 0.020394 | 1.496373 | 0.1360 |
| GFI? | 0.152098 | 0.063603 | 2.391377 | 0.0177 |
| STEA? | -0.055209 | 0.049911 | -1.106148 | 0.2699 |
| LDP? | -0.937574 | 0.572757 | -1.636949 | 0.1031 |
| ITRK? | -0.048190 | 0.040061 | -1.202932 | 0.2303 |
| ITRL? | 0.039216 | 0.100160 | 0.391535 | 0.6958 |
| TE? | -0.078396 | 0.090011 | -0.870967 | 0.3847 |
| NL? | 0.032996 | 0.111856 | 0.294987 | 0.7683 |
| FDII? | 0.045707 | 0.033059 | 1.382587 | 0.1682 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.027679 | | | |
| _CZ--C | -0.000156 | | | |
| _DK--C | -0.007143 | | | |
| _DE--C | -0.020555 | | | |
| _EE--C | 0.029794 | | | |
| _ES--C | -0.030805 | | | |
| _FR--C | -0.009987 | | | |
| _IT--C | -0.035700 | | | |
| _CY--C | 0.000891 | | | |
| _LV--C | 0.046487 | | | |
| _LT--C | 0.042219 | | | |
| _HU--C | 0.005201 | | | |
| _NL--C | -0.023214 | | | |
| _AT--C | -0.014845 | | | |
| _PL--C | 0.035604 | | | |
| _PT--C | -0.035269 | | | |
| _SL--C | 0.004856 | | | |

| | |
|---|---|
| _SK--C | 0.022974 |
| _FI--C | 0.004817 |
| _SE--C | 0.004140 |
| _UK--C | -0.004225 |
| Fixed Effects (Period) | |
| 1995--C | 0.009363 |
| 1996--C | 0.000861 |
| 1997--C | 0.006892 |
| 1998--C | 0.002415 |
| 1999--C | -0.005674 |
| 2000--C | 0.003344 |
| 2001--C | -0.009837 |
| 2002--C | -0.011328 |
| 2003--C | -0.007314 |
| 2004--C | 0.002492 |
| 2005--C | -0.000472 |
| 2006--C | 0.006929 |
| 2007--C | 0.002330 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.697103 | Mean dependent var | 0.034005 |
| Adjusted R-squared | 0.639071 | S.D. dependent var | 0.025137 |
| S.E. of regression | 0.015102 | Akaike info criterion | -5.399095 |
| Sum squared resid | 0.048805 | Schwarz criterion | -4.817464 |
| Log likelihood | 733.0841 | F-statistic | 12.01245 |
| Durbin-Watson stat | 1.192429 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:36
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.093981 | 0.066397 | 1.415442 | 0.1581 |
| ILPPSRGDPPC? | -0.007160 | 0.018417 | -0.388737 | 0.6978 |
| GFI? | 0.239772 | 0.054134 | 4.429267 | 0.0000 |
| STEA? | -0.072573 | 0.049623 | -1.462485 | 0.1447 |
| LDP? | -2.083986 | 0.376739 | -5.531639 | 0.0000 |
| ITRC? | 0.310211 | 0.068802 | 4.508728 | 0.0000 |
| ITRL? | -0.017684 | 0.026617 | -0.664377 | 0.5070 |
| TE? | -0.220675 | 0.067138 | -3.286884 | 0.0011 |
| NL? | -0.023569 | 0.084915 | -0.277560 | 0.7816 |
| FDII? | 0.012434 | 0.014983 | 0.829855 | 0.4073 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.000680 | | | |
| _BG--C | -0.017234 | | | |
| _CZ--C | -0.000378 | | | |
| _DK--C | -0.009634 | | | |
| _DE--C | 0.011026 | | | |
| _EE--C | -0.003099 | | | |
| _IE--C | 0.005982 | | | |
| _EL--C | 0.012566 | | | |
| _ES--C | -0.014898 | | | |
| _FR--C | 0.015309 | | | |
| _IT--C | -0.010771 | | | |
| _CY--C | 0.023900 | | | |
| _LV--C | 0.004766 | | | |
| _LT--C | 0.014034 | | | |
| _LU--C | 0.001878 | | | |
| _HU--C | -0.017100 | | | |
| _MT--C | -0.028930 | | | |
| _NL--C | -0.005006 | | | |

| | |
|---|---|
| _AT--C | 0.012713 |
| _PL--C | 0.020632 |
| _PT--C | -0.048311 |
| _RO--C | -0.019834 |
| _SL--C | -0.001393 |
| _SK--C | 0.000929 |
| _FI--C | 0.012568 |
| _SE--C | 0.028436 |
| _UK--C | 0.005667 |
| Fixed Effects (Period) | |
| 1995--C | 0.005228 |
| 1996--C | -0.005033 |
| 1997--C | 0.002109 |
| 1998--C | -0.000993 |
| 1999--C | -0.008785 |
| 2000--C | 0.005570 |
| 2001--C | -0.009293 |
| 2002--C | -0.005932 |
| 2003--C | -0.004160 |
| 2004--C | 0.003649 |
| 2005--C | 0.002048 |
| 2006--C | 0.009156 |
| 2007--C | 0.006435 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.643725 | Mean dependent var | 0.034896 |
| Adjusted R-squared | 0.583055 | S.D. dependent var | 0.027069 |
| S.E. of regression | 0.017479 | Akaike info criterion | -5.119676 |
| Sum squared resid | 0.084323 | Schwarz criterion | -4.559566 |
| Log likelihood | 877.3876 | F-statistic | 10.61028 |
| Durbin-Watson stat | 1.371225 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:37
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 332

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.122978 | 0.066204 | 1.857566 | 0.0643 |
| ILPPSRGDPPC? | -0.012918 | 0.018340 | -0.704365 | 0.4818 |
| GFI? | 0.243476 | 0.054285 | 4.485126 | 0.0000 |
| STEA? | -0.095099 | 0.048322 | -1.968048 | 0.0500 |
| LDP? | -1.976603 | 0.326735 | -6.049569 | 0.0000 |
| ITRC? | 0.249664 | 0.057708 | 4.326355 | 0.0000 |
| TE? | -0.200349 | 0.066172 | -3.027716 | 0.0027 |
| NL? | 0.024481 | 0.082993 | 0.294976 | 0.7682 |
| FDII? | 0.013691 | 0.015259 | 0.897272 | 0.3703 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.001877 | | | |
| _BG--C | -0.022134 | | | |
| _CZ--C | 0.002545 | | | |
| _DK--C | -0.001849 | | | |
| _DE--C | 0.014396 | | | |
| _EE--C | -0.001976 | | | |
| _IE--C | 0.011755 | | | |
| _EL--C | 0.008206 | | | |
| _ES--C | -0.022123 | | | |
| _FR--C | 0.013761 | | | |
| _IT--C | -0.017562 | | | |
| _CY--C | 0.022207 | | | |
| _LV--C | 0.004281 | | | |
| _LT--C | 0.014666 | | | |
| _LU--C | 0.007849 | | | |
| _HU--C | -0.014978 | | | |
| _MT--C | -0.038402 | | | |
| _NL--C | -0.001240 | | | |
| _AT--C | 0.014997 | | | |

| | |
|---|---|
| _PL--C | 0.020548 |
| _PT--C | -0.056779 |
| _RO--C | -0.012872 |
| _SL--C | 0.001382 |
| _SK--C | 0.003900 |
| _FI--C | 0.014726 |
| _SE--C | 0.031095 |
| _UK--C | 0.007880 |
| Fixed Effects (Period) | |
| 1995--C | 0.006440 |
| 1996--C | -0.007335 |
| 1997--C | -8.24E-05 |
| 1998--C | -0.002972 |
| 1999--C | -0.009969 |
| 2000--C | 0.003755 |
| 2001--C | -0.008678 |
| 2002--C | -0.006276 |
| 2003--C | -0.003266 |
| 2004--C | 0.006061 |
| 2005--C | 0.003510 |
| 2006--C | 0.010698 |
| 2007--C | 0.008114 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.629941 | Mean dependent var | 0.035497 |
| Adjusted R-squared | 0.570212 | S.D. dependent var | 0.027240 |
| S.E. of regression | 0.017858 | Akaike info criterion | -5.082212 |
| Sum squared resid | 0.090892 | Schwarz criterion | -4.543533 |
| Log likelihood | 890.6472 | F-statistic | 10.54668 |
| Durbin-Watson stat | 1.348444 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:40
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 256
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.001772 | 0.066839 | -0.026515 | 0.9789 |
| ILPPSRGDPPC? | 0.028189 | 0.019469 | 1.447848 | 0.1491 |
| GFI? | 0.151013 | 0.063417 | 2.381276 | 0.0181 |
| STEA? | -0.053233 | 0.049558 | -1.074163 | 0.2840 |
| LDP? | -0.931007 | 0.571383 | -1.629392 | 0.1047 |
| ITRK? | -0.053550 | 0.037575 | -1.425156 | 0.1556 |
| TE? | -0.056581 | 0.070554 | -0.801954 | 0.4235 |
| NL? | 0.054525 | 0.097216 | 0.560859 | 0.5755 |
| FDII? | 0.046074 | 0.032980 | 1.397010 | 0.1639 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024881 | | | |
| _CZ--C | 0.001794 | | | |
| _DK--C | -0.007386 | | | |
| _DE--C | -0.019452 | | | |
| _EE--C | 0.029138 | | | |
| _ES--C | -0.030083 | | | |
| _FR--C | -0.008613 | | | |
| _IT--C | -0.032543 | | | |
| _CY--C | -0.002683 | | | |
| _LV--C | 0.045320 | | | |
| _LT--C | 0.041573 | | | |
| _HU--C | 0.005529 | | | |
| _NL--C | -0.023958 | | | |
| _AT--C | -0.013615 | | | |
| _PL--C | 0.033848 | | | |
| _PT--C | -0.038616 | | | |
| _SL--C | 0.004860 | | | |
| _SK--C | 0.022603 | | | |

| | |
|---|---|
| _FI--C | 0.006061 |
| _SE--C | 0.005732 |
| _UK--C | -0.005836 |
| Fixed Effects (Period) | |
| 1995--C | 0.008985 |
| 1996--C | 0.000447 |
| 1997--C | 0.006731 |
| 1998--C | 0.002464 |
| 1999--C | -0.005539 |
| 2000--C | 0.003528 |
| 2001--C | -0.009578 |
| 2002--C | -0.011126 |
| 2003--C | -0.007281 |
| 2004--C | 0.002509 |
| 2005--C | -0.000520 |
| 2006--C | 0.006922 |
| 2007--C | 0.002458 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.696886 | Mean dependent var | 0.034005 |
| Adjusted R-squared | 0.640493 | S.D. dependent var | 0.025137 |
| S.E. of regression | 0.015072 | Akaike info criterion | -5.406191 |
| Sum squared resid | 0.048840 | Schwarz criterion | -4.838409 |
| Log likelihood | 732.9925 | F-statistic | 12.35760 |
| Durbin-Watson stat | 1.189610 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:41
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 328

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.095295 | 0.067958 | 1.402271 | 0.1619 |
| ILPPSRGDPPC? | -0.004960 | 0.018877 | -0.262743 | 0.7929 |
| GFI? | 0.266081 | 0.054582 | 4.874872 | 0.0000 |
| STEA? | -0.100719 | 0.049901 | -2.018383 | 0.0445 |
| LDP? | -2.146634 | 0.382681 | -5.609463 | 0.0000 |
| ITRL? | 0.011348 | 0.026411 | 0.429684 | 0.6678 |
| TE? | -0.076664 | 0.060462 | -1.267987 | 0.2059 |
| NL? | 0.137252 | 0.078536 | 1.747633 | 0.0816 |
| FDII? | 0.015469 | 0.015354 | 1.007495 | 0.3146 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.012492 | | | |
| _BG--C | -0.015554 | | | |
| _CZ--C | 0.002073 | | | |
| _DK--C | 0.009298 | | | |
| _DE--C | 0.003568 | | | |
| _EE--C | 0.005215 | | | |
| _IE--C | 0.028276 | | | |
| _EL--C | -0.004492 | | | |
| _ES--C | -0.030837 | | | |
| _FR--C | 0.002879 | | | |
| _IT--C | -0.033057 | | | |
| _CY--C | 0.018754 | | | |
| _LV--C | 0.011694 | | | |
| _LT--C | 0.020511 | | | |
| _LU--C | 0.012254 | | | |
| _HU--C | -0.001643 | | | |
| _MT--C | -0.042078 | | | |
| _NL--C | 0.000551 | | | |
| _AT--C | 0.004550 | | | |

| | |
|---|---|
| _PL--C | 0.024172 |
| _PT--C | -0.059376 |
| _RO--C | -0.031349 |
| _SL--C | 0.006969 |
| _SK--C | 0.012673 |
| _FI--C | 0.016395 |
| _SE--C | 0.026611 |
| _UK--C | 0.006060 |
| Fixed Effects (Period) | |
| 1995--C | 0.004629 |
| 1996--C | -0.008462 |
| 1997--C | -0.000691 |
| 1998--C | -0.003503 |
| 1999--C | -0.009150 |
| 2000--C | 0.003685 |
| 2001--C | -0.011096 |
| 2002--C | -0.006401 |
| 2003--C | -0.003499 |
| 2004--C | 0.005905 |
| 2005--C | 0.005978 |
| 2006--C | 0.012709 |
| 2007--C | 0.009898 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.618051 | Mean dependent var | 0.034784 |
| Adjusted R-squared | 0.555525 | S.D. dependent var | 0.026929 |
| S.E. of regression | 0.017953 | Akaike info criterion | -5.070150 |
| Sum squared resid | 0.090573 | Schwarz criterion | -4.526639 |
| Log likelihood | 878.5046 | F-statistic | 9.884783 |
| Durbin-Watson stat | 1.376055 | Prob(F-statistic) | 0.000000 |

### C.5.3 Top Income Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:21
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.115512 | 0.058945 | 1.959635 | 0.0509 |
| ILPPSRGDPPC? | -0.016515 | 0.017710 | -0.932490 | 0.3518 |
| GFI? | 0.276359 | 0.053366 | 5.178574 | 0.0000 |
| STEA? | -0.073165 | 0.044978 | -1.626709 | 0.1048 |
| LDP? | -2.070103 | 0.335427 | -6.171549 | 0.0000 |
| TCITR? | -0.032450 | 0.029976 | -1.082511 | 0.2799 |
| TPITR? | -0.071643 | 0.033080 | -2.165754 | 0.0311 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.005936 | | | |
| _BG--C | -0.027110 | | | |
| _CZ--C | -0.012686 | | | |
| _DK--C | 0.022619 | | | |
| _DE--C | 0.012016 | | | |
| _EE--C | -0.010346 | | | |
| _IE--C | 0.045033 | | | |
| _EL--C | -0.006468 | | | |
| _ES--C | -0.014855 | | | |
| _FR--C | 0.011014 | | | |
| _IT--C | -0.021682 | | | |
| _CY--C | 0.014537 | | | |
| _LV--C | -0.010294 | | | |
| _LT--C | 0.002539 | | | |
| _LU--C | 0.035372 | | | |
| _HU--C | -0.021392 | | | |
| _MT--C | -0.037517 | | | |
| _NL--C | 0.015138 | | | |
| _AT--C | 0.006027 | | | |
| _PL--C | 0.009175 | | | |

| | |
|---|---|
| _PT--C | -0.052287 |
| _RO--C | -0.029612 |
| _SL--C | 0.004566 |
| _SK--C | -0.007806 |
| _FI--C | 0.025967 |
| _SE--C | 0.031199 |
| _UK--C | 0.010917 |
| Fixed Effects (Period) | |
| 1995--C | 0.000671 |
| 1996--C | -0.010828 |
| 1997--C | 0.000525 |
| 1998--C | -0.001530 |
| 1999--C | -0.005347 |
| 2000--C | 0.008961 |
| 2001--C | -0.008640 |
| 2002--C | -0.007034 |
| 2003--C | -0.004763 |
| 2004--C | 0.005398 |
| 2005--C | 0.002864 |
| 2006--C | 0.011026 |
| 2007--C | 0.008698 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.578337 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.517706 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018697 | Akaike info criterion | -5.001658 |
| Sum squared resid | 0.106975 | Schwarz criterion | -4.506686 |
| Log likelihood | 922.7910 | F-statistic | 9.538610 |
| Durbin-Watson stat | 1.328407 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:23
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.094006 | 0.058451 | 1.608287 | 0.1088 |
| ILPPSRGDPPC? | -0.020068 | 0.017740 | -1.131261 | 0.2588 |
| GFI? | 0.290539 | 0.053280 | 5.453037 | 0.0000 |
| STEA? | -0.065211 | 0.045096 | -1.446039 | 0.1492 |
| LDP? | -2.052410 | 0.337337 | -6.084159 | 0.0000 |
| TCITR? | -0.059136 | 0.027491 | -2.151157 | 0.0322 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.000115 | | | |
| _BG--C | -0.024868 | | | |
| _CZ--C | -0.009285 | | | |
| _DK--C | 0.009189 | | | |
| _DE--C | 0.010798 | | | |
| _EE--C | -0.003103 | | | |
| _IE--C | 0.044424 | | | |
| _EL--C | -0.003010 | | | |
| _ES--C | -0.015619 | | | |
| _FR--C | 0.005956 | | | |
| _IT--C | -0.017759 | | | |
| _CY--C | 0.018174 | | | |
| _LV--C | -0.003794 | | | |
| _LT--C | 0.004886 | | | |
| _LU--C | 0.040537 | | | |
| _HU--C | -0.024380 | | | |
| _MT--C | -0.026385 | | | |
| _NL--C | 0.008997 | | | |
| _AT--C | 0.002358 | | | |
| _PL--C | 0.007688 | | | |
| _PT--C | -0.046008 | | | |
| _RO--C | -0.027327 | | | |

| | |
|---|---|
| _SL--C | -0.002269 |
| _SK--C | -0.005151 |
| _FI--C | 0.017889 |
| _SE--C | 0.022522 |
| _UK--C | 0.015656 |
| Fixed Effects (Period) | |
| 1995--C | -0.000712 |
| 1996--C | -0.012149 |
| 1997--C | -0.000315 |
| 1998--C | -0.002355 |
| 1999--C | -0.005962 |
| 2000--C | 0.008411 |
| 2001--C | -0.008709 |
| 2002--C | -0.006809 |
| 2003--C | -0.004295 |
| 2004--C | 0.006135 |
| 2005--C | 0.004081 |
| 2006--C | 0.012542 |
| 2007--C | 0.010139 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.571874 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.511909 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018809 | Akaike info criterion | -4.992144 |
| Sum squared resid | 0.108615 | Schwarz criterion | -4.508171 |
| Log likelihood | 920.1213 | F-statistic | 9.536714 |
| Durbin-Watson stat | 1.289096 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:25
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.106122 | 0.058320 | 1.819641 | 0.0698 |
| ILPPSRGDPPC? | -0.013400 | 0.017480 | -0.766616 | 0.4439 |
| GFI? | 0.272595 | 0.053267 | 5.117484 | 0.0000 |
| STEA? | -0.076118 | 0.044907 | -1.695002 | 0.0911 |
| LDP? | -2.102406 | 0.334190 | -6.291047 | 0.0000 |
| TPITR? | -0.086362 | 0.030164 | -2.863071 | 0.0045 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.004225 | | | |
| _BG--C | -0.024749 | | | |
| _CZ--C | -0.013235 | | | |
| _DK--C | 0.024446 | | | |
| _DE--C | 0.007241 | | | |
| _EE--C | -0.009065 | | | |
| _IE--C | 0.046519 | | | |
| _EL--C | -0.008866 | | | |
| _ES--C | -0.016420 | | | |
| _FR--C | 0.009561 | | | |
| _IT--C | -0.026721 | | | |
| _CY--C | 0.016420 | | | |
| _LV--C | -0.007329 | | | |
| _LT--C | 0.005786 | | | |
| _LU--C | 0.030819 | | | |
| _HU--C | -0.016939 | | | |
| _MT--C | -0.041502 | | | |
| _NL--C | 0.014530 | | | |
| _AT--C | 0.005541 | | | |
| _PL--C | 0.011324 | | | |
| _PT--C | -0.054956 | | | |
| _RO--C | -0.027220 | | | |

| | |
|---|---|
| _SL--C | 0.007668 |
| _SK--C | -0.006856 |
| _FI--C | 0.027817 |
| _SE--C | 0.032962 |
| _UK--C | 0.008999 |
| Fixed Effects (Period) | |
| 1995--C | 5.27E-06 |
| 1996--C | -0.011583 |
| 1997--C | -0.000349 |
| 1998--C | -0.002169 |
| 1999--C | -0.005917 |
| 2000--C | 0.008757 |
| 2001--C | -0.008752 |
| 2002--C | -0.006872 |
| 2003--C | -0.004398 |
| 2004--C | 0.006017 |
| 2005--C | 0.003754 |
| 2006--C | 0.011846 |
| 2007--C | 0.009662 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.576723 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.517436 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018703 | Akaike info criterion | -5.003534 |
| Sum squared resid | 0.107385 | Schwarz criterion | -4.519561 |
| Log likelihood | 922.1202 | F-statistic | 9.727741 |
| Durbin-Watson stat | 1.333154 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:26
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.154336 | 0.067854 | 2.274537 | 0.0237 |
| ILPPSRGDPPC? | -0.017212 | 0.018861 | -0.912601 | 0.3622 |
| GFI? | 0.269156 | 0.054650 | 4.925103 | 0.0000 |
| STEA? | -0.104942 | 0.048625 | -2.158174 | 0.0317 |
| LDP? | -1.999774 | 0.328448 | -6.088560 | 0.0000 |
| TCITR? | -0.037067 | 0.029491 | -1.256894 | 0.2098 |
| TPITR? | -0.041057 | 0.033875 | -1.212029 | 0.2265 |
| TE? | -0.052962 | 0.061003 | -0.868194 | 0.3860 |
| NL? | 0.164183 | 0.077877 | 2.108233 | 0.0359 |
| FDII? | 0.012187 | 0.015573 | 0.782543 | 0.4345 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.000423 | | | |
| _BG--C | -0.028973 | | | |
| _CZ--C | 0.000926 | | | |
| _DK--C | 0.021007 | | | |
| _DE--C | 0.018924 | | | |
| _EE--C | -0.006878 | | | |
| _IE--C | 0.030727 | | | |
| _EL--C | -0.003398 | | | |
| _ES--C | -0.028008 | | | |
| _FR--C | 0.012880 | | | |
| _IT--C | -0.023803 | | | |
| _CY--C | 0.012354 | | | |
| _LV--C | -0.004565 | | | |
| _LT--C | 0.009552 | | | |
| _LU--C | 0.024239 | | | |
| _HU--C | -0.009390 | | | |
| _MT--C | -0.045875 | | | |
| _NL--C | 0.011938 | | | |

| | |
|---|---|
| _AT--C | 0.012588 |
| _PL--C | 0.017793 |
| _PT--C | -0.061801 |
| _RO--C | -0.029591 |
| _SL--C | 0.008001 |
| _SK--C | 0.006000 |
| _FI--C | 0.022289 |
| _SE--C | 0.034010 |
| _UK--C | 0.009318 |
| Fixed Effects (Period) | |
| 1995--C | 0.006159 |
| 1996--C | -0.008362 |
| 1997--C | -0.000477 |
| 1998--C | -0.003280 |
| 1999--C | -0.008882 |
| 2000--C | 0.004341 |
| 2001--C | -0.008895 |
| 2002--C | -0.006303 |
| 2003--C | -0.003038 |
| 2004--C | 0.006554 |
| 2005--C | 0.003793 |
| 2006--C | 0.010681 |
| 2007--C | 0.007709 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.613364 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.550486 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018164 | Akaike info criterion | -5.047561 |
| Sum squared resid | 0.095348 | Schwarz criterion | -4.503454 |
| Log likelihood | 898.5140 | F-statistic | 9.754764 |
| Durbin-Watson stat | 1.354396 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:28
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.149247 | 0.067778 | 2.201982 | 0.0285 |
| ILPPSRGDPPC? | -0.020238 | 0.018710 | -1.081673 | 0.2803 |
| GFI? | 0.279385 | 0.054038 | 5.170176 | 0.0000 |
| STEA? | -0.100071 | 0.048498 | -2.063388 | 0.0400 |
| LDP? | -1.988696 | 0.328586 | -6.052284 | 0.0000 |
| TCITR? | -0.051883 | 0.026859 | -1.931637 | 0.0544 |
| TE? | -0.064656 | 0.060284 | -1.072532 | 0.2844 |
| NL? | 0.167628 | 0.077888 | 2.152167 | 0.0322 |
| FDII? | 0.013180 | 0.015564 | 0.846858 | 0.3978 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.002512 | | | |
| _BG--C | -0.029246 | | | |
| _CZ--C | 0.002545 | | | |
| _DK--C | 0.014808 | | | |
| _DE--C | 0.018938 | | | |
| _EE--C | -0.004572 | | | |
| _IE--C | 0.029546 | | | |
| _EL--C | -0.001117 | | | |
| _ES--C | -0.028850 | | | |
| _FR--C | 0.011369 | | | |
| _IT--C | -0.020682 | | | |
| _CY--C | 0.013979 | | | |
| _LV--C | -0.002633 | | | |
| _LT--C | 0.009384 | | | |
| _LU--C | 0.028572 | | | |
| _HU--C | -0.010637 | | | |
| _MT--C | -0.039633 | | | |
| _NL--C | 0.009099 | | | |
| _AT--C | 0.011749 | | | |

| | |
|---|---|
| _PL--C | 0.016421 |
| _PT--C | -0.058224 |
| _RO--C | -0.030295 |
| _SL--C | 0.004166 |
| _SK--C | 0.006926 |
| _FI--C | 0.018684 |
| _SE--C | 0.030762 |
| _UK--C | 0.012066 |
| Fixed Effects (Period) | |
| 1995--C | 0.005759 |
| 1996--C | -0.008892 |
| 1997--C | -0.000866 |
| 1998--C | -0.003797 |
| 1999--C | -0.009233 |
| 2000--C | 0.003854 |
| 2001--C | -0.009055 |
| 2002--C | -0.006216 |
| 2003--C | -0.002733 |
| 2004--C | 0.006948 |
| 2005--C | 0.004438 |
| 2006--C | 0.011405 |
| 2007--C | 0.008387 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.611399 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.549759 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018178 | Akaike info criterion | -5.048425 |
| Sum squared resid | 0.095833 | Schwarz criterion | -4.515654 |
| Log likelihood | 897.6597 | F-statistic | 9.918847 |
| Durbin-Watson stat | 1.335826 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:30
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.144644 | 0.067481 | 2.143465 | 0.0329 |
| ILPPSRGDPPC? | -0.013885 | 0.018693 | -0.742800 | 0.4582 |
| GFI? | 0.264823 | 0.054596 | 4.850644 | 0.0000 |
| STEA? | -0.108983 | 0.048567 | -2.243954 | 0.0256 |
| LDP? | -2.035816 | 0.327521 | -6.215840 | 0.0000 |
| TPITR? | -0.058706 | 0.030858 | -1.902433 | 0.0581 |
| TE? | -0.052110 | 0.061060 | -0.853419 | 0.3941 |
| NL? | 0.158154 | 0.077807 | 2.032647 | 0.0430 |
| FDII? | 0.013445 | 0.015556 | 0.864271 | 0.3882 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.002783 | | | |
| _BG--C | -0.026638 | | | |
| _CZ--C | 4.39E-05 | | | |
| _DK--C | 0.023421 | | | |
| _DE--C | 0.013552 | | | |
| _EE--C | -0.005503 | | | |
| _IE--C | 0.032564 | | | |
| _EL--C | -0.006548 | | | |
| _ES--C | -0.029921 | | | |
| _FR--C | 0.011124 | | | |
| _IT--C | -0.029823 | | | |
| _CY--C | 0.014254 | | | |
| _LV--C | -0.001422 | | | |
| _LT--C | 0.013035 | | | |
| _LU--C | 0.019043 | | | |
| _HU--C | -0.004847 | | | |
| _MT--C | -0.051223 | | | |
| _NL--C | 0.011309 | | | |
| _AT--C | 0.012059 | | | |

| | |
|---|---|
| _PL--C | 0.019938 |
| _PT--C | -0.065399 |
| _RO--C | -0.027234 |
| _SL--C | 0.011498 |
| _SK--C | 0.006639 |
| _FI--C | 0.024665 |
| _SE--C | 0.036147 |
| _UK--C | 0.007070 |
| Fixed Effects (Period) | |
| 1995--C | 0.005137 |
| 1996--C | -0.009382 |
| 1997--C | -0.001596 |
| 1998--C | -0.004077 |
| 1999--C | -0.009591 |
| 2000--C | 0.004150 |
| 2001--C | -0.008923 |
| 2002--C | -0.006100 |
| 2003--C | -0.002602 |
| 2004--C | 0.007341 |
| 2005--C | 0.004909 |
| 2006--C | 0.011716 |
| 2007--C | 0.009018 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.611251 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.549587 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.018182 | Akaike info criterion | -5.048044 |
| Sum squared resid | 0.095869 | Schwarz criterion | -4.515273 |
| Log likelihood | 897.5954 | F-statistic | 9.912663 |
| Durbin-Watson stat | 1.359874 | Prob(F-statistic) | 0.000000 |

### C.5.4 Tax Structure Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:47
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.095020 | 0.064840 | 1.465445 | 0.1438 |
| ILPPSRGDPPC? | -0.019827 | 0.018329 | -1.081722 | 0.2802 |
| GFI? | 0.282457 | 0.054160 | 5.215225 | 0.0000 |
| STEA? | -0.034118 | 0.045463 | -0.750466 | 0.4536 |
| LDP? | -1.973912 | 0.329787 | -5.985415 | 0.0000 |
| TT? | -0.217427 | 0.084942 | -2.559702 | 0.0110 |
| CT? | 0.404032 | 0.092322 | 4.376353 | 0.0000 |
| KT? | -0.106724 | 0.140023 | -0.762194 | 0.4465 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.021028 | | | |
| _BG--C | -0.044289 | | | |
| _CZ--C | -0.013823 | | | |
| _DK--C | 0.015916 | | | |
| _DE--C | 0.008338 | | | |
| _EE--C | -0.020079 | | | |
| _IE--C | 0.040255 | | | |
| _EL--C | -0.011117 | | | |
| _ES--C | -0.003859 | | | |
| _FR--C | 0.021968 | | | |
| _IT--C | 0.001644 | | | |
| _CY--C | 0.013937 | | | |
| _LV--C | -0.018093 | | | |
| _LT--C | -0.013551 | | | |
| _LU--C | 0.054388 | | | |
| _HU--C | -0.029232 | | | |
| _MT--C | -0.032923 | | | |
| _NL--C | 0.012548 | | | |
| _AT--C | 0.011428 | | | |

| | |
|---|---|
| _PL--C | -0.001389 |
| _PT--C | -0.047445 |
| _RO--C | -0.031742 |
| _SL--C | -0.009990 |
| _SK--C | -0.014760 |
| _FI--C | 0.029199 |
| _SE--C | 0.043563 |
| _UK--C | 0.018079 |
| Fixed Effects (Period) | |
| 1995--C | -0.001505 |
| 1996--C | -0.012770 |
| 1997--C | -0.000349 |
| 1998--C | -0.001608 |
| 1999--C | -0.006497 |
| 2000--C | 0.008654 |
| 2001--C | -0.008497 |
| 2002--C | -0.007127 |
| 2003--C | -0.005138 |
| 2004--C | 0.005075 |
| 2005--C | 0.003851 |
| 2006--C | 0.013198 |
| 2007--C | 0.012714 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.594495 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.534666 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018366 | Akaike info criterion | -5.035031 |
| Sum squared resid | 0.102876 | Schwarz criterion | -4.529059 |
| Log likelihood | 929.6480 | F-statistic | 9.936618 |
| Durbin-Watson stat | 1.313404 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:51
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.098620 | 0.067013 | 1.471659 | 0.1421 |
| ILPPSRGDPPC? | -0.020575 | 0.018896 | -1.088861 | 0.2771 |
| GFI? | 0.308743 | 0.055120 | 5.601307 | 0.0000 |
| STEA? | -0.053093 | 0.046454 | -1.142907 | 0.2540 |
| LDP? | -2.038944 | 0.338775 | -6.018581 | 0.0000 |
| TT? | -0.166490 | 0.087355 | -1.905888 | 0.0576 |
| KT? | -0.025635 | 0.143038 | -0.179222 | 0.8579 |
| LT? | 0.169253 | 0.088268 | 1.917484 | 0.0561 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.000472 | | | |
| _BG--C | -0.024366 | | | |
| _CZ--C | -0.018083 | | | |
| _DK--C | 0.014066 | | | |
| _DE--C | -0.005057 | | | |
| _EE--C | -0.012291 | | | |
| _IE--C | 0.051219 | | | |
| _EL--C | -0.002546 | | | |
| _ES--C | -0.017037 | | | |
| _FR--C | 0.007297 | | | |
| _IT--C | -0.017317 | | | |
| _CY--C | 0.027962 | | | |
| _LV--C | -0.008706 | | | |
| _LT--C | -0.001763 | | | |
| _LU--C | 0.047211 | | | |
| _HU--C | -0.018576 | | | |
| _MT--C | -0.024060 | | | |
| _NL--C | 0.007284 | | | |
| _AT--C | -1.02E-05 | | | |
| _PL--C | 0.007484 | | | |

| | |
|---|---|
| _PT--C | -0.042696 |
| _RO--C | -0.025982 |
| _SL--C | -0.004271 |
| _SK--C | -0.007444 |
| _FI--C | 0.023309 |
| _SE--C | 0.022933 |
| _UK--C | 0.021915 |
| Fixed Effects (Period) | |
| 1995--C | -0.002939 |
| 1996--C | -0.014550 |
| 1997--C | -0.002487 |
| 1998--C | -0.003671 |
| 1999--C | -0.007337 |
| 2000--C | 0.007701 |
| 2001--C | -0.009715 |
| 2002--C | -0.007226 |
| 2003--C | -0.004111 |
| 2004--C | 0.007347 |
| 2005--C | 0.006866 |
| 2006--C | 0.015721 |
| 2007--C | 0.014402 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.574164 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.511336 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018820 | Akaike info criterion | -4.986112 |
| Sum squared resid | 0.108034 | Schwarz criterion | -4.480140 |
| Log likelihood | 921.0626 | F-statistic | 9.138638 |
| Durbin-Watson stat | 1.303600 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:52
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.110366 | 0.064589 | 1.708757 | 0.0885 |
| ILPPSRGDPPC? | -0.022424 | 0.018408 | -1.218160 | 0.2241 |
| GFI? | 0.278101 | 0.054259 | 5.125459 | 0.0000 |
| STEA? | -0.028801 | 0.045665 | -0.630698 | 0.5287 |
| LDP? | -2.006192 | 0.330255 | -6.074670 | 0.0000 |
| TT? | -0.231654 | 0.076017 | -3.047378 | 0.0025 |
| CT? | 0.470757 | 0.117879 | 3.993553 | 0.0001 |
| LT? | -0.119623 | 0.110328 | -1.084251 | 0.2791 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.029534 | | | |
| _BG--C | -0.053353 | | | |
| _CZ--C | -0.012784 | | | |
| _DK--C | 0.025690 | | | |
| _DE--C | 0.018138 | | | |
| _EE--C | -0.018875 | | | |
| _IE--C | 0.033264 | | | |
| _EL--C | -0.018734 | | | |
| _ES--C | -0.003924 | | | |
| _FR--C | 0.027206 | | | |
| _IT--C | 0.004411 | | | |
| _CY--C | 0.003500 | | | |
| _LV--C | -0.020758 | | | |
| _LT--C | -0.016223 | | | |
| _LU--C | 0.050624 | | | |
| _HU--C | -0.027479 | | | |
| _MT--C | -0.039491 | | | |
| _NL--C | 0.016929 | | | |
| _AT--C | 0.020674 | | | |
| _PL--C | -0.008020 | | | |

| | |
|---|---|
| _PT--C | -0.052926 |
| _RO--C | -0.040420 |
| _SL--C | -0.004514 |
| _SK--C | -0.020617 |
| _FI--C | 0.035817 |
| _SE--C | 0.060799 |
| _UK--C | 0.011531 |
| Fixed Effects (Period) | |
| 1995--C | -0.000844 |
| 1996--C | -0.012194 |
| 1997--C | 4.79E-05 |
| 1998--C | -0.001273 |
| 1999--C | -0.006303 |
| 2000--C | 0.008759 |
| 2001--C | -0.008086 |
| 2002--C | -0.006830 |
| 2003--C | -0.004903 |
| 2004--C | 0.004783 |
| 2005--C | 0.003161 |
| 2006--C | 0.012233 |
| 2007--C | 0.011449 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.595282 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.535570 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018348 | Akaike info criterion | -5.036975 |
| Sum squared resid | 0.102676 | Schwarz criterion | -4.531003 |
| Log likelihood | 929.9892 | F-statistic | 9.969144 |
| Durbin-Watson stat | 1.296335 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:56
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.114338 | 0.064282 | 1.778703 | 0.0763 |
| ILPPSRGDPPC? | -0.013868 | 0.017963 | -0.772024 | 0.4407 |
| GFI? | 0.257526 | 0.052387 | 4.915850 | 0.0000 |
| STEA? | -0.065033 | 0.047855 | -1.358953 | 0.1752 |
| LDP? | -1.887020 | 0.318010 | -5.933835 | 0.0000 |
| TT? | -0.220634 | 0.082169 | -2.685125 | 0.0077 |
| CT? | 0.414763 | 0.089506 | 4.633926 | 0.0000 |
| KT? | -0.195740 | 0.137918 | -1.419251 | 0.1569 |
| NL? | 0.256138 | 0.051738 | 4.950678 | 0.0000 |
| FDII? | 0.009819 | 0.015108 | 0.649924 | 0.5163 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.015773 | | | |
| _BG--C | -0.042530 | | | |
| _CZ--C | 0.001632 | | | |
| _DK--C | 0.009150 | | | |
| _DE--C | 0.012757 | | | |
| _EE--C | -0.018593 | | | |
| _IE--C | 0.026979 | | | |
| _EL--C | -0.004743 | | | |
| _ES--C | -0.011816 | | | |
| _FR--C | 0.024002 | | | |
| _IT--C | 0.001060 | | | |
| _CY--C | 0.014202 | | | |
| _LV--C | -0.011366 | | | |
| _LT--C | -0.003992 | | | |
| _LU--C | 0.038982 | | | |
| _HU--C | -0.015884 | | | |
| _MT--C | -0.039202 | | | |
| _NL--C | 0.008427 | | | |

| | |
|---|---|
| _AT--C | 0.013930 |
| _PL--C | 0.012811 |
| _PT--C | -0.054305 |
| _RO--C | -0.024711 |
| _SL--C | -0.006677 |
| _SK--C | 0.004304 |
| _FI--C | 0.020425 |
| _SE--C | 0.039027 |
| _UK--C | 0.017067 |
| Fixed Effects (Period) | |
| 1995--C | 0.006442 |
| 1996--C | -0.008443 |
| 1997--C | -5.53E-05 |
| 1998--C | -0.002452 |
| 1999--C | -0.009211 |
| 2000--C | 0.004456 |
| 2001--C | -0.008770 |
| 2002--C | -0.006497 |
| 2003--C | -0.004023 |
| 2004--C | 0.005083 |
| 2005--C | 0.003042 |
| 2006--C | 0.010910 |
| 2007--C | 0.009518 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.636917 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.577869 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.017602 | Akaike info criterion | -5.110413 |
| Sum squared resid | 0.089540 | Schwarz criterion | -4.566306 |
| Log likelihood | 909.1046 | F-statistic | 10.78643 |
| Durbin-Watson stat | 1.372284 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:00
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.108726 | 0.065549 | 1.658716 | 0.0983 |
| ILPPSRGDPPC? | -0.010804 | 0.018339 | -0.589149 | 0.5562 |
| GFI? | 0.280311 | 0.052682 | 5.320823 | 0.0000 |
| STEA? | -0.092182 | 0.048181 | -1.913248 | 0.0567 |
| LDP? | -1.864276 | 0.323598 | -5.761085 | 0.0000 |
| TT? | -0.212408 | 0.084011 | -2.528327 | 0.0120 |
| KT? | -0.169199 | 0.139985 | -1.208691 | 0.2278 |
| LT? | 0.321537 | 0.087154 | 3.689311 | 0.0003 |
| NL? | 0.294711 | 0.054180 | 5.439506 | 0.0000 |
| FDII? | 0.018476 | 0.015236 | 1.212642 | 0.2263 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.015612 | | | |
| _BG--C | -0.015196 | | | |
| _CZ--C | -0.002342 | | | |
| _DK--C | -0.003040 | | | |
| _DE--C | -0.009645 | | | |
| _EE--C | -0.012243 | | | |
| _IE--C | 0.039552 | | | |
| _EL--C | 0.010304 | | | |
| _ES--C | -0.027730 | | | |
| _FR--C | 0.003924 | | | |
| _IT--C | -0.021086 | | | |
| _CY--C | 0.034961 | | | |
| _LV--C | 0.000989 | | | |
| _LT--C | 0.010934 | | | |
| _LU--C | 0.030840 | | | |
| _HU--C | -0.005211 | | | |
| _MT--C | -0.027203 | | | |
| _NL--C | -0.002895 | | | |

| | |
|---|---|
| _AT--C | -0.006114 |
| _PL--C | 0.028565 |
| _PT--C | -0.046629 |
| _RO--C | -0.006990 |
| _SL--C | -0.005814 |
| _SK--C | 0.018436 |
| _FI--C | 0.006618 |
| _SE--C | 0.001790 |
| _UK--C | 0.024726 |
| Fixed Effects (Period) | |
| 1995--C | 0.006244 |
| 1996--C | -0.009467 |
| 1997--C | -0.001737 |
| 1998--C | -0.004353 |
| 1999--C | -0.010586 |
| 2000--C | 0.002467 |
| 2001--C | -0.010581 |
| 2002--C | -0.007017 |
| 2003--C | -0.003293 |
| 2004--C | 0.007367 |
| 2005--C | 0.006204 |
| 2006--C | 0.013294 |
| 2007--C | 0.011458 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.627484 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.566902 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.017829 | Akaike info criterion | -5.084763 |
| Sum squared resid | 0.091866 | Schwarz criterion | -4.540657 |
| Log likelihood | 904.7826 | F-statistic | 10.35757 |
| Durbin-Watson stat | 1.413925 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:58
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.124809 | 0.063823 | 1.955551 | 0.0515 |
| ILPPSRGDPPC? | -0.013592 | 0.018107 | -0.750658 | 0.4535 |
| GFI? | 0.261378 | 0.052586 | 4.970464 | 0.0000 |
| STEA? | -0.072365 | 0.048257 | -1.499573 | 0.1348 |
| LDP? | -1.873204 | 0.320085 | -5.852203 | 0.0000 |
| TT? | -0.288739 | 0.075258 | -3.836668 | 0.0002 |
| CT? | 0.321875 | 0.116962 | 2.751971 | 0.0063 |
| LT? | 0.087906 | 0.112206 | 0.783429 | 0.4340 |
| NL? | 0.258875 | 0.053588 | 4.830811 | 0.0000 |
| FDII? | 0.013048 | 0.015234 | 0.856528 | 0.3924 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.008609 | | | |
| _BG--C | -0.036288 | | | |
| _CZ--C | 0.000469 | | | |
| _DK--C | 0.013746 | | | |
| _DE--C | 0.011119 | | | |
| _EE--C | -0.011871 | | | |
| _IE--C | 0.024954 | | | |
| _EL--C | -0.006354 | | | |
| _ES--C | -0.021038 | | | |
| _FR--C | 0.018236 | | | |
| _IT--C | -0.008339 | | | |
| _CY--C | 0.012238 | | | |
| _LV--C | -0.005948 | | | |
| _LT--C | 0.002082 | | | |
| _LU--C | 0.029542 | | | |
| _HU--C | -0.007973 | | | |
| _MT--C | -0.040790 | | | |
| _NL--C | 0.006664 | | | |

| | |
|---|---|
| _AT--C | 0.013070 |
| _PL--C | 0.013776 |
| _PT--C | -0.056614 |
| _RO--C | -0.019221 |
| _SL--C | 0.000190 |
| _SK--C | 0.005206 |
| _FI--C | 0.020893 |
| _SE--C | 0.038789 |
| _UK--C | 0.012603 |
| Fixed Effects (Period) | |
| 1995--C | 0.007279 |
| 1996--C | -0.007938 |
| 1997--C | 6.63E-05 |
| 1998--C | -0.002297 |
| 1999--C | -0.009613 |
| 2000--C | 0.003706 |
| 2001--C | -0.009370 |
| 2002--C | -0.006762 |
| 2003--C | -0.003810 |
| 2004--C | 0.005557 |
| 2005--C | 0.003572 |
| 2006--C | 0.010804 |
| 2007--C | 0.008805 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.635162 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.575828 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.017644 | Akaike info criterion | -5.105589 |
| Sum squared resid | 0.089973 | Schwarz criterion | -4.561482 |
| Log likelihood | 908.2917 | F-statistic | 10.70493 |
| Durbin-Watson stat | 1.379568 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:02
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.102903 | 0.063786 | 1.613239 | 0.1077 |
| ILPPSRGDPPC? | -0.041350 | 0.019230 | -2.150308 | 0.0323 |
| GFI? | 0.330330 | 0.054025 | 6.114342 | 0.0000 |
| STEA? | -0.004994 | 0.045646 | -0.109406 | 0.9130 |
| LDP? | -1.979686 | 0.325383 | -6.084177 | 0.0000 |
| TT? | -0.115594 | 0.072872 | -1.586254 | 0.1137 |
| ET? | 1.398717 | 0.261139 | 5.356213 | 0.0000 |
| PT? | -0.899892 | 0.587072 | -1.532847 | 0.1264 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.037331 | | | |
| _BG--C | -0.054732 | | | |
| _CZ--C | -0.033082 | | | |
| _DK--C | 0.004914 | | | |
| _DE--C | 0.006013 | | | |
| _EE--C | -0.027762 | | | |
| _IE--C | 0.049859 | | | |
| _EL--C | 0.001782 | | | |
| _ES--C | 0.015637 | | | |
| _FR--C | 0.037685 | | | |
| _IT--C | 0.002476 | | | |
| _CY--C | 0.015421 | | | |
| _LV--C | -0.029895 | | | |
| _LT--C | -0.024741 | | | |
| _LU--C | 0.067840 | | | |
| _HU--C | -0.034169 | | | |
| _MT--C | -0.020505 | | | |
| _NL--C | 0.008752 | | | |
| _AT--C | 0.008646 | | | |
| _PL--C | -0.007733 | | | |

| | |
|---|---|
| _PT--C | -0.035081 |
| _RO--C | -0.050735 |
| _SL--C | -0.023766 |
| _SK--C | -0.028615 |
| _FI--C | 0.024344 |
| _SE--C | 0.040863 |
| _UK--C | 0.049253 |
| Fixed Effects (Period) | |
| 1995--C | -0.002893 |
| 1996--C | -0.014569 |
| 1997--C | -0.002596 |
| 1998--C | -0.005945 |
| 1999--C | -0.010467 |
| 2000--C | 0.007771 |
| 2001--C | -0.008639 |
| 2002--C | -0.006079 |
| 2003--C | -0.004163 |
| 2004--C | 0.006675 |
| 2005--C | 0.006927 |
| 2006--C | 0.017198 |
| 2007--C | 0.016779 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.606387 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.548313 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018094 | Akaike info criterion | -5.064797 |
| Sum squared resid | 0.099859 | Schwarz criterion | -4.558825 |
| Log likelihood | 934.8718 | F-statistic | 10.44161 |
| Durbin-Watson stat | 1.339332 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:03
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.115219 | 0.064561 | 1.784656 | 0.0753 |
| ILPPSRGDPPC? | -0.043255 | 0.019281 | -2.243348 | 0.0256 |
| GFI? | 0.326478 | 0.054082 | 6.036749 | 0.0000 |
| STEA? | -0.013388 | 0.046146 | -0.290123 | 0.7719 |
| LDP? | -2.011271 | 0.326211 | -6.165557 | 0.0000 |
| TT? | -0.114665 | 0.072824 | -1.574560 | 0.1164 |
| ET? | 1.453292 | 0.264882 | 5.486565 | 0.0000 |
| RTIP? | -1.721626 | 0.901559 | -1.909610 | 0.0571 |
| OPT? | -0.404662 | 0.717198 | -0.564226 | 0.5730 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.037642 | | | |
| _BG--C | -0.058969 | | | |
| _CZ--C | -0.033505 | | | |
| _DK--C | 0.012453 | | | |
| _DE--C | 0.007824 | | | |
| _EE--C | -0.026172 | | | |
| _IE--C | 0.053496 | | | |
| _EL--C | -0.007315 | | | |
| _ES--C | 0.009357 | | | |
| _FR--C | 0.041432 | | | |
| _IT--C | -0.000931 | | | |
| _CY--C | 0.014927 | | | |
| _LV--C | -0.025164 | | | |
| _LT--C | -0.024618 | | | |
| _LU--C | 0.060602 | | | |
| _HU--C | -0.037921 | | | |
| _MT--C | -0.032499 | | | |
| _NL--C | 0.006049 | | | |
| _AT--C | 0.008408 | | | |

| | |
|---|---|
| _PL--C | 3.27E-05 |
| _PT--C | -0.041039 |
| _RO--C | -0.051888 |
| _SL--C | -0.023146 |
| _SK--C | -0.026558 |
| _FI--C | 0.023248 |
| _SE--C | 0.045547 |
| _UK--C | 0.068708 |
| Fixed Effects (Period) | |
| 1995--C | -0.003819 |
| 1996--C | -0.015221 |
| 1997--C | -0.003347 |
| 1998--C | -0.006619 |
| 1999--C | -0.011204 |
| 2000--C | 0.007394 |
| 2001--C | -0.008472 |
| 2002--C | -0.005539 |
| 2003--C | -0.003473 |
| 2004--C | 0.007137 |
| 2005--C | 0.007444 |
| 2006--C | 0.017917 |
| 2007--C | 0.017803 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.608244 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.548965 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.018081 | Akaike info criterion | -5.063827 |
| Sum squared resid | 0.099388 | Schwarz criterion | -4.546856 |
| Log likelihood | 935.7017 | F-statistic | 10.26070 |
| Durbin-Watson stat | 1.343925 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:05
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.131911 | 0.062469 | 2.111607 | 0.0356 |
| ILPPSRGDPPC? | -0.039077 | 0.018599 | -2.101068 | 0.0365 |
| GFI? | 0.311035 | 0.051864 | 5.997115 | 0.0000 |
| STEA? | -0.035518 | 0.047814 | -0.742825 | 0.4582 |
| LDP? | -1.880039 | 0.312222 | -6.021471 | 0.0000 |
| TT? | -0.129295 | 0.070668 | -1.829615 | 0.0683 |
| ET? | 1.442900 | 0.251120 | 5.745849 | 0.0000 |
| PT? | -1.201738 | 0.576557 | -2.084333 | 0.0380 |
| NL? | 0.249468 | 0.050386 | 4.951179 | 0.0000 |
| FDII? | 0.009644 | 0.014773 | 0.652827 | 0.5144 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.038310 | | | |
| _BG--C | -0.057030 | | | |
| _CZ--C | -0.020147 | | | |
| _DK--C | 0.003998 | | | |
| _DE--C | 0.012506 | | | |
| _EE--C | -0.026985 | | | |
| _IE--C | 0.035343 | | | |
| _EL--C | 0.007816 | | | |
| _ES--C | 0.010142 | | | |
| _FR--C | 0.043299 | | | |
| _IT--C | 0.002887 | | | |
| _CY--C | 0.013618 | | | |
| _LV--C | -0.024060 | | | |
| _LT--C | -0.016225 | | | |
| _LU--C | 0.053030 | | | |
| _HU--C | -0.020995 | | | |
| _MT--C | -0.027379 | | | |
| _NL--C | 0.008074 | | | |

| | |
|---|---|
| _AT--C | 0.011788 |
| _PL--C | 0.004252 |
| _PT--C | -0.042658 |
| _RO--C | -0.046873 |
| _SL--C | -0.019367 |
| _SK--C | -0.013716 |
| _FI--C | 0.017090 |
| _SE--C | 0.041240 |
| _UK--C | 0.055764 |
| Fixed Effects (Period) | |
| 1995--C | 0.004461 |
| 1996--C | -0.010659 |
| 1997--C | -0.002614 |
| 1998--C | -0.007250 |
| 1999--C | -0.013847 |
| 2000--C | 0.003281 |
| 2001--C | -0.008868 |
| 2002--C | -0.005259 |
| 2003--C | -0.002715 |
| 2004--C | 0.007252 |
| 2005--C | 0.006753 |
| 2006--C | 0.015456 |
| 2007--C | 0.014008 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.650904 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.594131 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.017260 | Akaike info criterion | -5.149697 |
| Sum squared resid | 0.086090 | Schwarz criterion | -4.605590 |
| Log likelihood | 915.7240 | F-statistic | 11.46496 |
| Durbin-Watson stat | 1.405434 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:06
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 337

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.137141 | 0.063544 | 2.158206 | 0.0317 |
| ILPPSRGDPPC? | -0.039912 | 0.018709 | -2.133309 | 0.0337 |
| GFI? | 0.309770 | 0.052004 | 5.956609 | 0.0000 |
| STEA? | -0.039359 | 0.048577 | -0.810236 | 0.4185 |
| LDP? | -1.891652 | 0.313628 | -6.031516 | 0.0000 |
| TT? | -0.128673 | 0.070776 | -1.818043 | 0.0701 |
| ET? | 1.461799 | 0.254681 | 5.739728 | 0.0000 |
| RTIP? | -1.506163 | 0.869635 | -1.731948 | 0.0844 |
| OPT? | -1.002609 | 0.717135 | -1.398075 | 0.1632 |
| NL? | 0.246923 | 0.050746 | 4.865852 | 0.0000 |
| FDII? | 0.009469 | 0.014798 | 0.639882 | 0.5228 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.037942 | | | |
| _BG--C | -0.058648 | | | |
| _CZ--C | -0.020247 | | | |
| _DK--C | 0.006953 | | | |
| _DE--C | 0.013283 | | | |
| _EE--C | -0.026219 | | | |
| _IE--C | 0.036822 | | | |
| _EL--C | 0.004082 | | | |
| _ES--C | 0.007424 | | | |
| _FR--C | 0.044527 | | | |
| _IT--C | 0.001298 | | | |
| _CY--C | 0.013383 | | | |
| _LV--C | -0.022224 | | | |
| _LT--C | -0.016129 | | | |
| _LU--C | 0.050575 | | | |
| _HU--C | -0.022554 | | | |
| _MT--C | -0.032359 | | | |

| | |
|---|---|
| _NL--C | 0.007029 |
| _AT--C | 0.011780 |
| _PL--C | 0.007139 |
| _PT--C | -0.045306 |
| _RO--C | -0.047398 |
| _SL--C | -0.019081 |
| _SK--C | -0.012951 |
| _FI--C | 0.016798 |
| _SE--C | 0.043091 |
| _UK--C | 0.062917 |
| Fixed Effects (Period) | |
| 1995--C | 0.003950 |
| 1996--C | -0.011017 |
| 1997--C | -0.002965 |
| 1998--C | -0.007532 |
| 1999--C | -0.014125 |
| 2000--C | 0.003182 |
| 2001--C | -0.008771 |
| 2002--C | -0.005043 |
| 2003--C | -0.002439 |
| 2004--C | 0.007461 |
| 2005--C | 0.007003 |
| 2006--C | 0.015808 |
| 2007--C | 0.014488 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.651170 | Mean dependent var | 0.035314 |
| Adjusted R-squared | 0.593031 | S.D. dependent var | 0.027092 |
| S.E. of regression | 0.017283 | Akaike info criterion | -5.144523 |
| Sum squared resid | 0.086025 | Schwarz criterion | -4.589081 |
| Log likelihood | 915.8521 | F-statistic | 11.20034 |
| Durbin-Watson stat | 1.405492 | Prob(F-statistic) | 0.000000 |

## C.6 Annual Data Panel Regressions with the Potential Real GDP per Capita Growth Rate as the Dependent Variable

### C.6.1 Non-Tax Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:01
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.037407 | 0.027425 | -1.363998 | 0.1737 |
| ILPPSRGDPPC? | 0.023655 | 0.008888 | 2.661513 | 0.0082 |
| GFI? | 0.174224 | 0.026207 | 6.647893 | 0.0000 |
| STEA? | -0.053010 | 0.021190 | -2.501694 | 0.0129 |
| LDP? | -1.487262 | 0.159378 | -9.331644 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019625 | | | |
| _BG--C | 0.024870 | | | |
| _CZ--C | 0.002385 | | | |
| _DK--C | -0.012101 | | | |
| _DE--C | -0.014575 | | | |
| _EE--C | 0.024138 | | | |
| _IE--C | 0.025917 | | | |
| _EL--C | -0.002975 | | | |
| _ES--C | -0.021146 | | | |
| _FR--C | -0.014534 | | | |
| _IT--C | -0.033909 | | | |
| _CY--C | 0.009608 | | | |
| _LV--C | 0.041496 | | | |
| _LT--C | 0.037451 | | | |
| _LU--C | -0.011415 | | | |
| _HU--C | 0.005896 | | | |
| _MT--C | -0.024181 | | | |
| _NL--C | -0.012656 | | | |

| | |
|---|---|
| _AT--C | -0.014079 |
| _PL--C | 0.032762 |
| _PT--C | -0.036204 |
| _RO--C | 0.027679 |
| _SL--C | 0.004658 |
| _SK--C | 0.017667 |
| _FI--C | 0.002322 |
| _SE--C | 0.002366 |
| _UK--C | -0.004140 |
| Fixed Effects (Period) | |
| 1995--C | 0.000163 |
| 1996--C | -0.000298 |
| 1997--C | 0.000415 |
| 1998--C | 0.000498 |
| 1999--C | 4.41E-05 |
| 2000--C | 0.002824 |
| 2001--C | 0.001117 |
| 2002--C | 0.000816 |
| 2003--C | 0.001410 |
| 2004--C | 0.001319 |
| 2005--C | -0.000287 |
| 2006--C | -0.002382 |
| 2007--C | -0.005638 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.813007 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.784958 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008331 | Akaike info criterion | -6.614325 |
| Sum squared resid | 0.019433 | Schwarz criterion | -6.111418 |
| Log likelihood | 1111.214 | F-statistic | 28.98525 |
| Durbin-Watson stat | 0.338528 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:05
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.015998 | 0.032884 | 0.486505 | 0.6270 |
| ILPPSRGDPPC? | 0.017653 | 0.009436 | 1.870764 | 0.0625 |
| GFI? | 0.175291 | 0.027143 | 6.457972 | 0.0000 |
| STEA? | -0.073103 | 0.023444 | -3.118173 | 0.0020 |
| LDP? | -1.406921 | 0.156456 | -8.992432 | 0.0000 |
| TE? | -0.050150 | 0.031338 | -1.600292 | 0.1107 |
| NL? | 0.060535 | 0.040085 | 1.510157 | 0.1322 |
| FDII? | 0.020147 | 0.006981 | 2.885829 | 0.0042 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.018374 | | | |
| _BG--C | 0.015154 | | | |
| _CZ--C | 0.006238 | | | |
| _DK--C | -0.004644 | | | |
| _DE--C | -0.007232 | | | |
| _EE--C | 0.018568 | | | |
| _IE--C | 0.017451 | | | |
| _EL--C | -0.003232 | | | |
| _ES--C | -0.029208 | | | |
| _FR--C | -0.009141 | | | |
| _IT--C | -0.033731 | | | |
| _CY--C | 0.006453 | | | |
| _LV--C | 0.036090 | | | |
| _LT--C | 0.034386 | | | |
| _LU--C | -0.012452 | | | |
| _HU--C | 0.010656 | | | |
| _MT--C | -0.034350 | | | |
| _NL--C | -0.010435 | | | |
| _AT--C | -0.006034 | | | |
| _PL--C | 0.033397 | | | |

| | |
|---|---|
| _PT--C | -0.045073 |
| _RO--C | 0.019208 |
| _SL--C | 0.007934 |
| _SK--C | 0.019183 |
| _FI--C | 0.006009 |
| _SE--C | 0.010486 |
| _UK--C | -0.005081 |
| Fixed Effects (Period) | |
| 1995--C | 0.004439 |
| 1996--C | 0.001619 |
| 1997--C | -0.000102 |
| 1998--C | -0.000964 |
| 1999--C | -0.001831 |
| 2000--C | 0.000113 |
| 2001--C | 0.000246 |
| 2002--C | 0.000875 |
| 2003--C | 0.002178 |
| 2004--C | 0.001962 |
| 2005--C | 0.000179 |
| 2006--C | -0.002978 |
| 2007--C | -0.005736 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.832852 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.804252 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.008085 | Akaike info criterion | -6.661186 |
| Sum squared resid | 0.017190 | Schwarz criterion | -6.105413 |
| Log likelihood | 1075.153 | F-statistic | 29.12122 |
| Durbin-Watson stat | 0.453760 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:07
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.008789 | 0.032238 | -0.272616 | 0.7854 |
| ILPPSRGDPPC? | 0.019676 | 0.009339 | 2.106750 | 0.0360 |
| GFI? | 0.178153 | 0.027075 | 6.580064 | 0.0000 |
| STEA? | -0.039614 | 0.021356 | -1.854884 | 0.0647 |
| LDP? | -1.473129 | 0.155911 | -9.448523 | 0.0000 |
| TE? | -0.058278 | 0.031075 | -1.875424 | 0.0618 |
| NL? | 0.042614 | 0.038866 | 1.096426 | 0.2738 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014701 | | | |
| _BG--C | 0.017103 | | | |
| _CZ--C | -0.000303 | | | |
| _DK--C | -0.007783 | | | |
| _DE--C | -0.013119 | | | |
| _EE--C | 0.013277 | | | |
| _IE--C | 0.021197 | | | |
| _EL--C | 0.000760 | | | |
| _ES--C | -0.020417 | | | |
| _FR--C | -0.007695 | | | |
| _IT--C | -0.027091 | | | |
| _CY--C | 0.008656 | | | |
| _LV--C | 0.031399 | | | |
| _LT--C | 0.028271 | | | |
| _LU--C | -0.011129 | | | |
| _HU--C | 0.009203 | | | |
| _MT--C | -0.017739 | | | |
| _NL--C | -0.010125 | | | |
| _AT--C | -0.009509 | | | |
| _PL--C | 0.029483 | | | |
| _PT--C | -0.030639 | | | |

| | |
|---|---|
| _RO--C | 0.019153 |
| _SL--C | 0.004285 |
| _SK--C | 0.014158 |
| _FI--C | 0.004753 |
| _SE--C | 0.008187 |
| _UK--C | -0.004654 |
| Fixed Effects (Period) | |
| 1995--C | 0.004692 |
| 1996--C | 0.002603 |
| 1997--C | 0.001045 |
| 1998--C | 0.000503 |
| 1999--C | -0.000140 |
| 2000--C | 0.001520 |
| 2001--C | 0.000211 |
| 2002--C | 0.000577 |
| 2003--C | 0.001401 |
| 2004--C | 0.000589 |
| 2005--C | -0.001372 |
| 2006--C | -0.003949 |
| 2007--C | -0.007679 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.822751 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.794697 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008140 | Akaike info criterion | -6.655460 |
| Sum squared resid | 0.018420 | Schwarz criterion | -6.129161 |
| Log likelihood | 1119.857 | F-statistic | 29.32766 |
| Durbin-Watson stat | 0.389033 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:09
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.011335 | 0.028184 | -0.402183 | 0.6879 |
| ILPPSRGDPPC? | 0.022999 | 0.008851 | 2.598327 | 0.0099 |
| GFI? | 0.162169 | 0.025952 | 6.248904 | 0.0000 |
| STEA? | -0.082819 | 0.022711 | -3.646643 | 0.0003 |
| LDP? | -1.398235 | 0.156823 | -8.915981 | 0.0000 |
| NL? | 0.105988 | 0.028370 | 3.735847 | 0.0002 |
| FDII? | 0.020148 | 0.007002 | 2.877428 | 0.0043 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024363 | | | |
| _BG--C | 0.022336 | | | |
| _CZ--C | 0.010981 | | | |
| _DK--C | -0.012484 | | | |
| _DE--C | -0.009135 | | | |
| _EE--C | 0.027567 | | | |
| _IE--C | 0.017847 | | | |
| _EL--C | -0.003487 | | | |
| _ES--C | -0.030218 | | | |
| _FR--C | -0.015316 | | | |
| _IT--C | -0.038857 | | | |
| _CY--C | 0.007653 | | | |
| _LV--C | 0.046015 | | | |
| _LT--C | 0.043694 | | | |
| _LU--C | -0.018449 | | | |
| _HU--C | 0.012670 | | | |
| _MT--C | -0.035911 | | | |
| _NL--C | -0.014423 | | | |
| _AT--C | -0.010780 | | | |
| _PL--C | 0.038895 | | | |
| _PT--C | -0.047219 | | | |

| | |
|---|---|
| _RO--C | 0.029495 |
| _SL--C | 0.009091 |
| _SK--C | 0.026367 |
| _FI--C | -0.000464 |
| _SE--C | 0.002299 |
| _UK--C | -0.006029 |
| Fixed Effects (Period) | |
| 1995--C | 0.004412 |
| 1996--C | 0.001288 |
| 1997--C | -0.000205 |
| 1998--C | -0.000771 |
| 1999--C | -0.001880 |
| 2000--C | 0.000223 |
| 2001--C | 0.000500 |
| 2002--C | 0.001068 |
| 2003--C | 0.002227 |
| 2004--C | 0.002075 |
| 2005--C | 0.000168 |
| 2006--C | -0.003075 |
| 2007--C | -0.006030 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.831224 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.803095 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.008108 | Akaike info criterion | -6.657968 |
| Sum squared resid | 0.017357 | Schwarz criterion | -6.114278 |
| Log likelihood | 1073.656 | F-statistic | 29.55015 |
| Durbin-Watson stat | 0.453579 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:10
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.034613 | 0.030561 | 1.132613 | 0.2584 |
| ILPPSRGDPPC? | 0.013481 | 0.009045 | 1.490483 | 0.1373 |
| GFI? | 0.187141 | 0.026047 | 7.184723 | 0.0000 |
| STEA? | -0.066529 | 0.023092 | -2.880997 | 0.0043 |
| LDP? | -1.421738 | 0.156526 | -9.083060 | 0.0000 |
| TE? | -0.083683 | 0.022168 | -3.774958 | 0.0002 |
| FDII? | 0.020252 | 0.006998 | 2.893926 | 0.0041 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.013830 | | | |
| _BG--C | 0.010177 | | | |
| _CZ--C | 0.002013 | | | |
| _DK--C | 0.001926 | | | |
| _DE--C | -0.005922 | | | |
| _EE--C | 0.012567 | | | |
| _IE--C | 0.018535 | | | |
| _EL--C | -0.004074 | | | |
| _ES--C | -0.028220 | | | |
| _FR--C | -0.004961 | | | |
| _IT--C | -0.030485 | | | |
| _CY--C | 0.005475 | | | |
| _LV--C | 0.028921 | | | |
| _LT--C | 0.027520 | | | |
| _LU--C | -0.006937 | | | |
| _HU--C | 0.007476 | | | |
| _MT--C | -0.034473 | | | |
| _NL--C | -0.007201 | | | |
| _AT--C | -0.002706 | | | |
| _PL--C | 0.028642 | | | |
| _PT--C | -0.044296 | | | |

| | |
|---|---|
| _RO--C | 0.011277 |
| _SL--C | 0.006757 |
| _SK--C | 0.012741 |
| _FI--C | 0.011816 |
| _SE--C | 0.016941 |
| _UK--C | -0.004015 |
| Fixed Effects (Period) | |
| 1995--C | 0.002974 |
| 1996--C | 0.001083 |
| 1997--C | -0.000138 |
| 1998--C | -0.001115 |
| 1999--C | -0.001717 |
| 2000--C | 0.000404 |
| 2001--C | 0.000248 |
| 2002--C | 0.000762 |
| 2003--C | 0.002134 |
| 2004--C | 0.002068 |
| 2005--C | 0.000515 |
| 2006--C | -0.002408 |
| 2007--C | -0.004810 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.831402 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.803303 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.008104 | Akaike info criterion | -6.659024 |
| Sum squared resid | 0.017339 | Schwarz criterion | -6.115334 |
| Log likelihood | 1073.819 | F-statistic | 29.58772 |
| Durbin-Watson stat | 0.432369 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:13
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.006179 | 0.029216 | 0.211479 | 0.8327 |
| ILPPSRGDPPC? | 0.016534 | 0.008892 | 1.859419 | 0.0640 |
| GFI? | 0.187037 | 0.025843 | 7.237447 | 0.0000 |
| STEA? | -0.036499 | 0.021174 | -1.723738 | 0.0859 |
| LDP? | -1.481237 | 0.155792 | -9.507787 | 0.0000 |
| TE? | -0.082389 | 0.021964 | -3.751141 | 0.0002 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011654 | | | |
| _BG--C | 0.013286 | | | |
| _CZ--C | -0.003194 | | | |
| _DK--C | -0.002990 | | | |
| _DE--C | -0.012031 | | | |
| _EE--C | 0.009008 | | | |
| _IE--C | 0.021659 | | | |
| _EL--C | -0.000219 | | | |
| _ES--C | -0.020320 | | | |
| _FR--C | -0.004862 | | | |
| _IT--C | -0.025226 | | | |
| _CY--C | 0.007739 | | | |
| _LV--C | 0.026237 | | | |
| _LT--C | 0.023398 | | | |
| _LU--C | -0.006777 | | | |
| _HU--C | 0.006838 | | | |
| _MT--C | -0.018713 | | | |
| _NL--C | -0.007899 | | | |
| _AT--C | -0.007078 | | | |
| _PL--C | 0.026075 | | | |
| _PT--C | -0.030963 | | | |
| _RO--C | 0.013220 | | | |

| | |
|---|---|
| _SL--C | 0.003418 |
| _SK--C | 0.009602 |
| _FI--C | 0.008881 |
| _SE--C | 0.012894 |
| _UK--C | -0.004035 |
| Fixed Effects (Period) | |
| 1995--C | 0.003632 |
| 1996--C | 0.002115 |
| 1997--C | 0.000942 |
| 1998--C | 0.000347 |
| 1999--C | -0.000114 |
| 2000--C | 0.001720 |
| 2001--C | 0.000265 |
| 2002--C | 0.000498 |
| 2003--C | 0.001389 |
| 2004--C | 0.000703 |
| 2005--C | -0.001074 |
| 2006--C | -0.003474 |
| 2007--C | -0.006949 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.821985 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.794549 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008143 | Akaike info criterion | -6.657337 |
| Sum squared resid | 0.018500 | Schwarz criterion | -6.142734 |
| Log likelihood | 1119.160 | F-statistic | 29.96004 |
| Durbin-Watson stat | 0.373040 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:14
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.042297 | 0.026955 | -1.569158 | 0.1177 |
| ILPPSRGDPPC? | 0.025992 | 0.008750 | 2.970515 | 0.0032 |
| GFI? | 0.162874 | 0.025936 | 6.279828 | 0.0000 |
| STEA? | -0.049214 | 0.020827 | -2.362990 | 0.0188 |
| LDP? | -1.465442 | 0.156559 | -9.360341 | 0.0000 |
| NL? | 0.094197 | 0.027585 | 3.414817 | 0.0007 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021205 | | | |
| _BG--C | 0.025814 | | | |
| _CZ--C | 0.005165 | | | |
| _DK--C | -0.016801 | | | |
| _DE--C | -0.015335 | | | |
| _EE--C | 0.023788 | | | |
| _IE--C | 0.022140 | | | |
| _EL--C | 0.000972 | | | |
| _ES--C | -0.020826 | | | |
| _FR--C | -0.014539 | | | |
| _IT--C | -0.032415 | | | |
| _CY--C | 0.010425 | | | |
| _LV--C | 0.043036 | | | |
| _LT--C | 0.039132 | | | |
| _LU--C | -0.018034 | | | |
| _HU--C | 0.011733 | | | |
| _MT--C | -0.018490 | | | |
| _NL--C | -0.014500 | | | |
| _AT--C | -0.014925 | | | |
| _PL--C | 0.035970 | | | |
| _PT--C | -0.032098 | | | |
| _RO--C | 0.031441 | | | |

| | |
|---|---|
| _SL--C | 0.005774 |
| _SK--C | 0.022521 |
| _FI--C | -0.002560 |
| _SE--C | -0.001228 |
| _UK--C | -0.005442 |
| Fixed Effects (Period) | |
| 1995--C | 0.004750 |
| 1996--C | 0.002342 |
| 1997--C | 0.000984 |
| 1998--C | 0.000746 |
| 1999--C | -0.000116 |
| 2000--C | 0.001669 |
| 2001--C | 0.000446 |
| 2002--C | 0.000785 |
| 2003--C | 0.001423 |
| 2004--C | 0.000667 |
| 2005--C | -0.001456 |
| 2006--C | -0.004139 |
| 2007--C | -0.008101 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.820509 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.792845 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008177 | Akaike info criterion | -6.649079 |
| Sum squared resid | 0.018653 | Schwarz criterion | -6.134476 |
| Log likelihood | 1117.826 | F-statistic | 29.66030 |
| Durbin-Watson stat | 0.391980 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:17
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.010144 | 0.028863 | -0.351457 | 0.7255 |
| ILPPSRGDPPC? | 0.020896 | 0.009047 | 2.309813 | 0.0217 |
| GFI? | 0.172988 | 0.026412 | 6.549506 | 0.0000 |
| STEA? | -0.082547 | 0.023260 | -3.548934 | 0.0005 |
| LDP? | -1.429915 | 0.160377 | -8.915989 | 0.0000 |
| FDII? | 0.020517 | 0.007170 | 2.861284 | 0.0046 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.022463 | | | |
| _BG--C | 0.021718 | | | |
| _CZ--C | 0.007278 | | | |
| _DK--C | -0.007812 | | | |
| _DE--C | -0.009005 | | | |
| _EE--C | 0.027623 | | | |
| _IE--C | 0.022588 | | | |
| _EL--C | -0.007047 | | | |
| _ES--C | -0.029120 | | | |
| _FR--C | -0.015134 | | | |
| _IT--C | -0.039492 | | | |
| _CY--C | 0.007037 | | | |
| _LV--C | 0.044141 | | | |
| _LT--C | 0.041434 | | | |
| _LU--C | -0.013155 | | | |
| _HU--C | 0.006221 | | | |
| _MT--C | -0.040011 | | | |
| _NL--C | -0.012431 | | | |
| _AT--C | -0.010238 | | | |
| _PL--C | 0.035099 | | | |
| _PT--C | -0.049534 | | | |
| _RO--C | 0.025791 | | | |

| | |
|---|---|
| _SL--C | 0.007670 |
| _SK--C | 0.020608 |
| _FI--C | 0.004736 |
| _SE--C | 0.005750 |
| _UK--C | -0.004512 |
| Fixed Effects (Period) | |
| 1995--C | -0.000806 |
| 1996--C | -0.001373 |
| 1997--C | -0.000573 |
| 1998--C | -0.000850 |
| 1999--C | -0.001594 |
| 2000--C | 0.001503 |
| 2001--C | 0.001107 |
| 2002--C | 0.001123 |
| 2003--C | 0.002187 |
| 2004--C | 0.002716 |
| 2005--C | 0.001326 |
| 2006--C | -0.001298 |
| 2007--C | -0.003468 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.822302 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.793468 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.008304 | Akaike info criterion | -6.612925 |
| Sum squared resid | 0.018274 | Schwarz criterion | -6.081316 |
| Log likelihood | 1065.697 | F-statistic | 28.51844 |
| Durbin-Watson stat | 0.393466 | Prob(F-statistic) | 0.000000 |

### C.6.2 Implicit Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:43
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 243
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.109963 | 0.033116 | -3.320529 | 0.0011 |
| ILPPSRGDPPC? | 0.056087 | 0.008951 | 6.266043 | 0.0000 |
| GFI? | 0.048186 | 0.027763 | 1.735606 | 0.0842 |
| STEA? | -0.051603 | 0.022020 | -2.343483 | 0.0201 |
| LDP? | -0.653410 | 0.239026 | -2.733640 | 0.0068 |
| ITRC? | -0.006653 | 0.038365 | -0.173411 | 0.8625 |
| ITRK? | -0.022087 | 0.013098 | -1.686265 | 0.0933 |
| ITRL? | 0.025234 | 0.035566 | 0.709484 | 0.4788 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.032183 | | | |
| _CZ--C | 0.015770 | | | |
| _DK--C | -0.023375 | | | |
| _DE--C | -0.026796 | | | |
| _EE--C | 0.058101 | | | |
| _ES--C | -0.020843 | | | |
| _FR--C | -0.026149 | | | |
| _IT--C | -0.042307 | | | |
| _CY--C | 0.000379 | | | |
| _LV--C | 0.082903 | | | |
| _LT--C | 0.068029 | | | |
| _HU--C | 0.023975 | | | |
| _NL--C | -0.028225 | | | |
| _AT--C | -0.024261 | | | |
| _PL--C | 0.054428 | | | |
| _PT--C | -0.026110 | | | |
| _SL--C | 0.012259 | | | |
| _SK--C | 0.043175 | | | |

| | |
|---|---|
| _FI--C | -0.006766 |
| _SE--C | -0.012588 |
| _UK--C | -0.014347 |
| Fixed Effects (Period) | |
| 1995--C | 0.004462 |
| 1996--C | 0.004729 |
| 1997--C | 0.005088 |
| 1998--C | 0.004619 |
| 1999--C | 0.002371 |
| 2000--C | 0.002553 |
| 2001--C | 0.000608 |
| 2002--C | -0.000898 |
| 2003--C | -0.001648 |
| 2004--C | -0.002064 |
| 2005--C | -0.004049 |
| 2006--C | -0.005985 |
| 2007--C | -0.009786 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.904281 | Mean dependent var | 0.027970 |
| Adjusted R-squared | 0.885891 | S.D. dependent var | 0.017408 |
| S.E. of regression | 0.005880 | Akaike info criterion | -7.285018 |
| Sum squared resid | 0.007020 | Schwarz criterion | -6.710028 |
| Log likelihood | 925.1297 | F-statistic | 49.17400 |
| Durbin-Watson stat | 0.432843 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:44
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 243
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.098006 | 0.028472 | -3.442167 | 0.0007 |
| ILPPSRGDPPC? | 0.053669 | 0.008266 | 6.492518 | 0.0000 |
| GFI? | 0.049790 | 0.027638 | 1.801525 | 0.0731 |
| STEA? | -0.047891 | 0.021363 | -2.241756 | 0.0261 |
| LDP? | -0.639472 | 0.237927 | -2.687682 | 0.0078 |
| ITRC? | 0.000221 | 0.037076 | 0.005947 | 0.9953 |
| ITRK? | -0.022811 | 0.013043 | -1.748993 | 0.0818 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.029344 | | | |
| _CZ--C | 0.015937 | | | |
| _DK--C | -0.022950 | | | |
| _DE--C | -0.025752 | | | |
| _EE--C | 0.056001 | | | |
| _ES--C | -0.020406 | | | |
| _FR--C | -0.024433 | | | |
| _IT--C | -0.039225 | | | |
| _CY--C | -0.002465 | | | |
| _LV--C | 0.080290 | | | |
| _LT--C | 0.066275 | | | |
| _HU--C | 0.023492 | | | |
| _NL--C | -0.028209 | | | |
| _AT--C | -0.022722 | | | |
| _PL--C | 0.052123 | | | |
| _PT--C | -0.027971 | | | |
| _SL--C | 0.011824 | | | |
| _SK--C | 0.041122 | | | |
| _FI--C | -0.005148 | | | |
| _SE--C | -0.010272 | | | |

| | |
|---|---|
| _UK--C | -0.015869 |
| Fixed Effects (Period) | |
| 1995--C | 0.004348 |
| 1996--C | 0.004687 |
| 1997--C | 0.005122 |
| 1998--C | 0.004691 |
| 1999--C | 0.002436 |
| 2000--C | 0.002653 |
| 2001--C | 0.000749 |
| 2002--C | -0.000820 |
| 2003--C | -0.001660 |
| 2004--C | -0.002153 |
| 2005--C | -0.004178 |
| 2006--C | -0.006062 |
| 2007--C | -0.009814 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.904043 | Mean dependent var | 0.027970 |
| Adjusted R-squared | 0.886169 | S.D. dependent var | 0.017408 |
| S.E. of regression | 0.005873 | Akaike info criterion | -7.290772 |
| Sum squared resid | 0.007037 | Schwarz criterion | -6.730157 |
| Log likelihood | 924.8288 | F-statistic | 50.57794 |
| Durbin-Watson stat | 0.432107 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:46
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 243
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.110767 | 0.032712 | -3.386105 | 0.0009 |
| ILPPSRGDPPC? | 0.055959 | 0.008899 | 6.288074 | 0.0000 |
| GFI? | 0.048074 | 0.027690 | 1.736172 | 0.0840 |
| STEA? | -0.050994 | 0.021686 | -2.351468 | 0.0197 |
| LDP? | -0.658177 | 0.236875 | -2.778588 | 0.0060 |
| ITRK? | -0.022431 | 0.012916 | -1.736658 | 0.0840 |
| ITRL? | 0.023676 | 0.034332 | 0.689633 | 0.4912 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.031955 | | | |
| _CZ--C | 0.015839 | | | |
| _DK--C | -0.024061 | | | |
| _DE--C | -0.026628 | | | |
| _EE--C | 0.057904 | | | |
| _ES--C | -0.020257 | | | |
| _FR--C | -0.025940 | | | |
| _IT--C | -0.041771 | | | |
| _CY--C | 0.000629 | | | |
| _LV--C | 0.082795 | | | |
| _LT--C | 0.068025 | | | |
| _HU--C | 0.023612 | | | |
| _NL--C | -0.028398 | | | |
| _AT--C | -0.024197 | | | |
| _PL--C | 0.054382 | | | |
| _PT--C | -0.025841 | | | |
| _SL--C | 0.012065 | | | |
| _SK--C | 0.043037 | | | |
| _FI--C | -0.007062 | | | |
| _SE--C | -0.012808 | | | |

| | |
|---|---|
| _UK--C | -0.014209 |
| Fixed Effects (Period) | |
| 1995--C | 0.004487 |
| 1996--C | 0.004748 |
| 1997--C | 0.005088 |
| 1998--C | 0.004633 |
| 1999--C | 0.002367 |
| 2000--C | 0.002580 |
| 2001--C | 0.000656 |
| 2002--C | -0.000869 |
| 2003--C | -0.001649 |
| 2004--C | -0.002086 |
| 2005--C | -0.004096 |
| 2006--C | -0.006029 |
| 2007--C | -0.009830 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.904267 | Mean dependent var | 0.027970 |
| Adjusted R-squared | 0.886434 | S.D. dependent var | 0.017408 |
| S.E. of regression | 0.005866 | Akaike info criterion | -7.293100 |
| Sum squared resid | 0.007021 | Schwarz criterion | -6.732486 |
| Log likelihood | 925.1117 | F-statistic | 50.70836 |
| Durbin-Watson stat | 0.431554 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:49
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 311

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.064329 | 0.029722 | -2.164384 | 0.0313 |
| ILPPSRGDPPC? | 0.028261 | 0.009258 | 3.052413 | 0.0025 |
| GFI? | 0.156872 | 0.027982 | 5.606110 | 0.0000 |
| STEA? | -0.055197 | 0.022535 | -2.449357 | 0.0150 |
| LDP? | -1.616041 | 0.195840 | -8.251844 | 0.0000 |
| ITRC? | 0.092073 | 0.040455 | 2.275923 | 0.0236 |
| ITRL? | -0.002119 | 0.013262 | -0.159790 | 0.8732 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021065 | | | |
| _BG--C | 0.030292 | | | |
| _CZ--C | 0.006558 | | | |
| _DK--C | -0.024096 | | | |
| _DE--C | -0.013615 | | | |
| _EE--C | 0.028982 | | | |
| _IE--C | 0.021331 | | | |
| _EL--C | 0.004328 | | | |
| _ES--C | -0.014554 | | | |
| _FR--C | -0.015381 | | | |
| _IT--C | -0.032012 | | | |
| _CY--C | 0.015152 | | | |
| _LV--C | 0.047505 | | | |
| _LT--C | 0.043487 | | | |
| _LU--C | -0.016631 | | | |
| _HU--C | 0.003536 | | | |
| _MT--C | -0.020220 | | | |
| _NL--C | -0.016968 | | | |
| _AT--C | -0.015310 | | | |
| _PL--C | 0.037649 | | | |
| _PT--C | -0.033790 | | | |

| | |
|---|---|
| _RO--C | 0.039648 |
| _SL--C | 0.003967 |
| _SK--C | 0.021741 |
| _FI--C | -0.004471 |
| _SE--C | -0.004097 |
| _UK--C | -0.003796 |
| Fixed Effects (Period) | |
| 1995--C | 0.001228 |
| 1996--C | 0.000735 |
| 1997--C | 0.000903 |
| 1998--C | 0.001122 |
| 1999--C | 5.89E-05 |
| 2000--C | 0.003128 |
| 2001--C | 0.001527 |
| 2002--C | 0.001572 |
| 2003--C | 0.001252 |
| 2004--C | 0.000439 |
| 2005--C | -0.001469 |
| 2006--C | -0.003585 |
| 2007--C | -0.006912 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.819260 | Mean dependent var | 0.029554 |
| Adjusted R-squared | 0.789363 | S.D. dependent var | 0.018043 |
| S.E. of regression | 0.008281 | Akaike info criterion | -6.616643 |
| Sum squared resid | 0.018240 | Schwarz criterion | -6.075515 |
| Log likelihood | 1073.888 | F-statistic | 27.40291 |
| Durbin-Watson stat | 0.344966 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:50
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 318

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.052946 | 0.028519 | -1.856543 | 0.0644 |
| ILPPSRGDPPC? | 0.026051 | 0.008917 | 2.921486 | 0.0038 |
| GFI? | 0.154589 | 0.027230 | 5.677162 | 0.0000 |
| STEA? | -0.063266 | 0.021588 | -2.930626 | 0.0037 |
| LDP? | -1.455014 | 0.162442 | -8.957109 | 0.0000 |
| ITRC? | 0.093402 | 0.040453 | 2.308869 | 0.0217 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021807 | | | |
| _BG--C | 0.029315 | | | |
| _CZ--C | 0.007645 | | | |
| _DK--C | -0.023294 | | | |
| _DE--C | -0.012036 | | | |
| _EE--C | 0.030214 | | | |
| _IE--C | 0.020096 | | | |
| _EL--C | 0.002777 | | | |
| _ES--C | -0.018510 | | | |
| _FR--C | -0.016358 | | | |
| _IT--C | -0.033900 | | | |
| _CY--C | 0.012938 | | | |
| _LV--C | 0.048511 | | | |
| _LT--C | 0.045042 | | | |
| _LU--C | -0.017381 | | | |
| _HU--C | 0.003159 | | | |
| _MT--C | -0.024970 | | | |
| _NL--C | -0.016961 | | | |
| _AT--C | -0.014520 | | | |
| _PL--C | 0.037354 | | | |
| _PT--C | -0.038027 | | | |
| _RO--C | 0.034863 | | | |

| | |
|---|---|
| _SL--C | 0.004216 |
| _SK--C | 0.022069 |
| _FI--C | -0.004381 |
| _SE--C | -0.003578 |
| _UK--C | -0.003992 |
| Fixed Effects (Period) | |
| 1995--C | 0.000880 |
| 1996--C | 0.000148 |
| 1997--C | 0.000433 |
| 1998--C | 0.000777 |
| 1999--C | 3.24E-07 |
| 2000--C | 0.002878 |
| 2001--C | 0.001605 |
| 2002--C | 0.001052 |
| 2003--C | 0.001290 |
| 2004--C | 0.000998 |
| 2005--C | -0.000908 |
| 2006--C | -0.002925 |
| 2007--C | -0.006230 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.816892 | Mean dependent var | 0.029815 |
| Adjusted R-squared | 0.788156 | S.D. dependent var | 0.018056 |
| S.E. of regression | 0.008311 | Akaike info criterion | -6.614752 |
| Sum squared resid | 0.018924 | Schwarz criterion | -6.094216 |
| Log likelihood | 1095.746 | F-statistic | 28.42748 |
| Durbin-Watson stat | 0.340149 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:52
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 243
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.097951 | 0.026887 | -3.643103 | 0.0003 |
| ILPPSRGDPPC? | 0.053668 | 0.008245 | 6.509085 | 0.0000 |
| GFI? | 0.049797 | 0.027542 | 1.808074 | 0.0721 |
| STEA? | -0.047905 | 0.021191 | -2.260597 | 0.0248 |
| LDP? | -0.639272 | 0.234982 | -2.720516 | 0.0071 |
| ITRK? | -0.022801 | 0.012889 | -1.769049 | 0.0784 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.029346 | | | |
| _CZ--C | 0.015935 | | | |
| _DK--C | -0.022924 | | | |
| _DE--C | -0.025756 | | | |
| _EE--C | 0.056004 | | | |
| _ES--C | -0.020426 | | | |
| _FR--C | -0.024436 | | | |
| _IT--C | -0.039237 | | | |
| _CY--C | -0.002480 | | | |
| _LV--C | 0.080288 | | | |
| _LT--C | 0.066272 | | | |
| _HU--C | 0.023504 | | | |
| _NL--C | -0.028203 | | | |
| _AT--C | -0.022721 | | | |
| _PL--C | 0.052120 | | | |
| _PT--C | -0.027985 | | | |
| _SL--C | 0.011830 | | | |
| _SK--C | 0.041122 | | | |
| _FI--C | -0.005134 | | | |
| _SE--C | -0.010259 | | | |
| _UK--C | -0.015877 | | | |

| | |
|---|---|
| Fixed Effects (Period) | |
| 1995--C | 0.004346 |
| 1996--C | 0.004687 |
| 1997--C | 0.005122 |
| 1998--C | 0.004691 |
| 1999--C | 0.002437 |
| 2000--C | 0.002653 |
| 2001--C | 0.000748 |
| 2002--C | -0.000821 |
| 2003--C | -0.001660 |
| 2004--C | -0.002152 |
| 2005--C | -0.004176 |
| 2006--C | -0.006061 |
| 2007--C | -0.009813 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.904043 | Mean dependent var | 0.027970 |
| Adjusted R-squared | 0.886724 | S.D. dependent var | 0.017408 |
| S.E. of regression | 0.005859 | Akaike info criterion | -7.299002 |
| Sum squared resid | 0.007037 | Schwarz criterion | -6.752762 |
| Log likelihood | 924.8288 | F-statistic | 52.19953 |
| Durbin-Watson stat | 0.432145 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:54
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 315

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.048209 | 0.028751 | -1.676803 | 0.0947 |
| ILPPSRGDPPC? | 0.026448 | 0.009225 | 2.866978 | 0.0045 |
| GFI? | 0.173170 | 0.026966 | 6.421821 | 0.0000 |
| STEA? | -0.047282 | 0.022129 | -2.136670 | 0.0335 |
| LDP? | -1.624633 | 0.193261 | -8.406406 | 0.0000 |
| ITRL? | -0.002565 | 0.013253 | -0.193559 | 0.8467 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019415 | | | |
| _BG--C | 0.026564 | | | |
| _CZ--C | 0.002047 | | | |
| _DK--C | -0.013209 | | | |
| _DE--C | -0.016131 | | | |
| _EE--C | 0.024063 | | | |
| _IE--C | 0.026116 | | | |
| _EL--C | -0.000740 | | | |
| _ES--C | -0.018086 | | | |
| _FR--C | -0.014112 | | | |
| _IT--C | -0.032803 | | | |
| _CY--C | 0.011261 | | | |
| _LV--C | 0.041703 | | | |
| _LT--C | 0.036979 | | | |
| _LU--C | -0.011943 | | | |
| _HU--C | 0.006643 | | | |
| _MT--C | -0.020729 | | | |
| _NL--C | -0.013184 | | | |
| _AT--C | -0.014977 | | | |
| _PL--C | 0.033683 | | | |
| _PT--C | -0.033099 | | | |
| _RO--C | 0.033209 | | | |

| | |
|---|---|
| _SL--C | 0.004685 |
| _SK--C | 0.018172 |
| _FI--C | 0.001971 |
| _SE--C | 0.001605 |
| _UK--C | -0.004540 |
| Fixed Effects (Period) | |
| 1995--C | 0.000996 |
| 1996--C | 0.000226 |
| 1997--C | 0.000852 |
| 1998--C | 0.000835 |
| 1999--C | 8.61E-05 |
| 2000--C | 0.002998 |
| 2001--C | 0.001032 |
| 2002--C | 0.001302 |
| 2003--C | 0.001264 |
| 2004--C | 0.000720 |
| 2005--C | -0.000888 |
| 2006--C | -0.003069 |
| 2007--C | -0.006355 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.815812 | Mean dependent var | 0.029481 |
| Adjusted R-squared | 0.786587 | S.D. dependent var | 0.017947 |
| S.E. of regression | 0.008291 | Akaike info criterion | -6.618386 |
| Sum squared resid | 0.018629 | Schwarz criterion | -6.094217 |
| Log likelihood | 1086.396 | F-statistic | 27.91457 |
| Durbin-Watson stat | 0.340595 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:56
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 236
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.105294 | 0.033053 | -3.185631 | 0.0017 |
| ILPPSRGDPPC? | 0.056116 | 0.009049 | 6.201675 | 0.0000 |
| GFI? | 0.057451 | 0.027577 | 2.083298 | 0.0385 |
| STEA? | -0.044350 | 0.022104 | -2.006442 | 0.0462 |
| LDP? | -0.634963 | 0.236480 | -2.685066 | 0.0079 |
| ITRC? | 0.022685 | 0.045498 | 0.498581 | 0.6186 |
| ITRK? | -0.007857 | 0.017636 | -0.445497 | 0.6565 |
| ITRL? | 0.091431 | 0.042254 | 2.163825 | 0.0317 |
| TE? | -0.098822 | 0.046107 | -2.143292 | 0.0333 |
| NL? | -0.020539 | 0.057187 | -0.359151 | 0.7199 |
| FDII? | 0.001228 | 0.013215 | 0.092958 | 0.9260 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033270 | | | |
| _CZ--C | 0.009242 | | | |
| _DK--C | -0.022226 | | | |
| _DE--C | -0.026997 | | | |
| _EE--C | 0.048498 | | | |
| _ES--C | -0.023021 | | | |
| _FR--C | -0.023378 | | | |
| _IT--C | -0.041861 | | | |
| _CY--C | 0.005257 | | | |
| _LV--C | 0.075637 | | | |
| _LT--C | 0.060712 | | | |
| _HU--C | 0.023772 | | | |
| _NL--C | -0.025994 | | | |
| _AT--C | -0.022777 | | | |
| _PL--C | 0.053751 | | | |
| _PT--C | -0.017438 | | | |

| | |
|---|---|
| _SL--C | 0.010350 |
| _SK--C | 0.038833 |
| _FI--C | -0.008173 |
| _SE--C | -0.011124 |
| _UK--C | -0.013303 |
| Fixed Effects (Period) | |
| 1995--C | 0.009429 |
| 1996--C | 0.007809 |
| 1997--C | 0.005941 |
| 1998--C | 0.004250 |
| 1999--C | 0.001573 |
| 2000--C | 0.001173 |
| 2001--C | -0.000306 |
| 2002--C | -0.001310 |
| 2003--C | -0.001620 |
| 2004--C | -0.002708 |
| 2005--C | -0.004876 |
| 2006--C | -0.007245 |
| 2007--C | -0.012109 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.911429 | Mean dependent var | 0.028200 |
| Adjusted R-squared | 0.892155 | S.D. dependent var | 0.017611 |
| S.E. of regression | 0.005784 | Akaike info criterion | -7.304345 |
| Sum squared resid | 0.006456 | Schwarz criterion | -6.673223 |
| Log likelihood | 904.9127 | F-statistic | 47.28684 |
| Durbin-Watson stat | 0.495487 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:57
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 236
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.072714 | 0.029702 | -2.448107 | 0.0152 |
| ILPPSRGDPPC? | 0.048615 | 0.008437 | 5.762048 | 0.0000 |
| GFI? | 0.060410 | 0.027803 | 2.172792 | 0.0310 |
| STEA? | -0.039292 | 0.022188 | -1.770919 | 0.0781 |
| LDP? | -0.601209 | 0.238193 | -2.524038 | 0.0124 |
| ITRC? | 0.013239 | 0.045716 | 0.289587 | 0.7724 |
| ITRK? | -0.022466 | 0.016446 | -1.366017 | 0.1735 |
| TE? | -0.044971 | 0.039181 | -1.147775 | 0.2525 |
| NL? | 0.032305 | 0.052198 | 0.618898 | 0.5367 |
| FDII? | 0.003329 | 0.013303 | 0.250257 | 0.8027 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.026355 | | | |
| _CZ--C | 0.012660 | | | |
| _DK--C | -0.021182 | | | |
| _DE--C | -0.024166 | | | |
| _EE--C | 0.044989 | | | |
| _ES--C | -0.021894 | | | |
| _FR--C | -0.019603 | | | |
| _IT--C | -0.034268 | | | |
| _CY--C | -0.003727 | | | |
| _LV--C | 0.070472 | | | |
| _LT--C | 0.058047 | | | |
| _HU--C | 0.023670 | | | |
| _NL--C | -0.026960 | | | |
| _AT--C | -0.019526 | | | |
| _PL--C | 0.048035 | | | |
| _PT--C | -0.025572 | | | |
| _SL--C | 0.010084 | | | |

| | |
|---|---|
| _SK--C | 0.036236 |
| _FI--C | -0.004468 |
| _SE--C | -0.006586 |
| _UK--C | -0.016180 |
| Fixed Effects (Period) | |
| 1995--C | 0.008103 |
| 1996--C | 0.006570 |
| 1997--C | 0.005456 |
| 1998--C | 0.004277 |
| 1999--C | 0.001747 |
| 2000--C | 0.001468 |
| 2001--C | 0.000239 |
| 2002--C | -0.000803 |
| 2003--C | -0.001416 |
| 2004--C | -0.002473 |
| 2005--C | -0.004733 |
| 2006--C | -0.006978 |
| 2007--C | -0.011457 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.909280 | Mean dependent var | 0.028200 |
| Adjusted R-squared | 0.890108 | S.D. dependent var | 0.017611 |
| S.E. of regression | 0.005838 | Akaike info criterion | -7.288849 |
| Sum squared resid | 0.006612 | Schwarz criterion | -6.672405 |
| Log likelihood | 902.0842 | F-statistic | 47.42584 |
| Durbin-Watson stat | 0.470624 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 17:59
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 236
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.102595 | 0.032543 | -3.152573 | 0.0019 |
| ILPPSRGDPPC? | 0.056075 | 0.009031 | 6.209347 | 0.0000 |
| GFI? | 0.057574 | 0.027522 | 2.091923 | 0.0377 |
| STEA? | -0.046766 | 0.021525 | -2.172643 | 0.0310 |
| LDP? | -0.623963 | 0.234992 | -2.655255 | 0.0086 |
| ITRK? | -0.010364 | 0.016871 | -0.614287 | 0.5397 |
| ITRL? | 0.089410 | 0.041978 | 2.129925 | 0.0344 |
| TE? | -0.086499 | 0.038848 | -2.226617 | 0.0271 |
| NL? | -0.005075 | 0.047953 | -0.105841 | 0.9158 |
| FDII? | 0.001173 | 0.013189 | 0.088903 | 0.9293 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033890 | | | |
| _CZ--C | 0.009707 | | | |
| _DK--C | -0.020657 | | | |
| _DE--C | -0.027448 | | | |
| _EE--C | 0.049144 | | | |
| _ES--C | -0.024529 | | | |
| _FR--C | -0.024010 | | | |
| _IT--C | -0.043250 | | | |
| _CY--C | 0.004297 | | | |
| _LV--C | 0.076045 | | | |
| _LT--C | 0.060941 | | | |
| _HU--C | 0.024957 | | | |
| _NL--C | -0.025866 | | | |
| _AT--C | -0.023154 | | | |
| _PL--C | 0.053854 | | | |
| _PT--C | -0.018791 | | | |
| _SL--C | 0.010923 | | | |

| | |
|---|---|
| _SK--C | 0.039796 |
| _FI--C | -0.007735 |
| _SE--C | -0.011018 |
| _UK--C | -0.013373 |
| Fixed Effects (Period) | |
| 1995--C | 0.009284 |
| 1996--C | 0.007541 |
| 1997--C | 0.005806 |
| 1998--C | 0.004173 |
| 1999--C | 0.001567 |
| 2000--C | 0.001085 |
| 2001--C | -0.000402 |
| 2002--C | -0.001303 |
| 2003--C | -0.001566 |
| 2004--C | -0.002564 |
| 2005--C | -0.004667 |
| 2006--C | -0.007065 |
| 2007--C | -0.011888 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.911315 | Mean dependent var | 0.028200 |
| Adjusted R-squared | 0.892572 | S.D. dependent var | 0.017611 |
| S.E. of regression | 0.005772 | Akaike info criterion | -7.311532 |
| Sum squared resid | 0.006464 | Schwarz criterion | -6.695088 |
| Log likelihood | 904.7608 | F-statistic | 48.62245 |
| Durbin-Watson stat | 0.498593 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:00
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 297

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.015798 | 0.033859 | 0.466595 | 0.6412 |
| ILPPSRGDPPC? | 0.017833 | 0.009622 | 1.853324 | 0.0650 |
| GFI? | 0.161654 | 0.027824 | 5.809898 | 0.0000 |
| STEA? | -0.070612 | 0.025017 | -2.822526 | 0.0051 |
| LDP? | -1.542869 | 0.191942 | -8.038194 | 0.0000 |
| ITRC? | 0.119111 | 0.047760 | 2.493931 | 0.0133 |
| ITRL? | 0.001512 | 0.012999 | 0.116284 | 0.9075 |
| TE? | -0.107842 | 0.035855 | -3.007740 | 0.0029 |
| NL? | -0.002872 | 0.047175 | -0.060875 | 0.9515 |
| FDII? | 0.019600 | 0.006914 | 2.834793 | 0.0050 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.014596 | | | |
| _BG--C | 0.014187 | | | |
| _CZ--C | 0.006591 | | | |
| _DK--C | -0.011280 | | | |
| _DE--C | -0.004127 | | | |
| _EE--C | 0.016153 | | | |
| _IE--C | 0.010614 | | | |
| _EL--C | 0.005957 | | | |
| _ES--C | -0.021390 | | | |
| _FR--C | -0.004858 | | | |
| _IT--C | -0.028083 | | | |
| _CY--C | 0.011049 | | | |
| _LV--C | 0.033748 | | | |
| _LT--C | 0.032478 | | | |
| _LU--C | -0.015666 | | | |
| _HU--C | 0.004520 | | | |
| _MT--C | -0.030947 | | | |
| _NL--C | -0.012307 | | | |

| | |
|---|---|
| _AT--C | -0.002733 |
| _PL--C | 0.033499 |
| _PT--C | -0.042431 |
| _RO--C | 0.023486 |
| _SL--C | 0.005626 |
| _SK--C | 0.016719 |
| _FI--C | 0.004165 |
| _SE--C | 0.010845 |
| _UK--C | -0.004514 |
| Fixed Effects (Period) | |
| 1995--C | 0.005529 |
| 1996--C | 0.003021 |
| 1997--C | 0.000437 |
| 1998--C | -0.000586 |
| 1999--C | -0.001832 |
| 2000--C | 0.000227 |
| 2001--C | 0.000428 |
| 2002--C | 0.001383 |
| 2003--C | 0.001997 |
| 2004--C | 0.001022 |
| 2005--C | -0.001077 |
| 2006--C | -0.004008 |
| 2007--C | -0.006541 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.842581 | Mean dependent var | 0.029737 |
| Adjusted R-squared | 0.812868 | S.D. dependent var | 0.018367 |
| S.E. of regression | 0.007945 | Akaike info criterion | -6.685519 |
| Sum squared resid | 0.015719 | Schwarz criterion | -6.088552 |
| Log likelihood | 1040.800 | F-statistic | 28.35680 |
| Durbin-Watson stat | 0.463244 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:04
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 304

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.023116 | 0.032837 | 0.703950 | 0.4821 |
| ILPPSRGDPPC? | 0.016477 | 0.009370 | 1.758414 | 0.0799 |
| GFI? | 0.159122 | 0.027305 | 5.827600 | 0.0000 |
| STEA? | -0.079344 | 0.023679 | -3.350780 | 0.0009 |
| LDP? | -1.351813 | 0.159321 | -8.484833 | 0.0000 |
| ITRC? | 0.110855 | 0.047648 | 2.326547 | 0.0208 |
| TE? | -0.096150 | 0.035593 | -2.701356 | 0.0074 |
| NL? | 0.009314 | 0.046648 | 0.199673 | 0.8419 |
| FDII? | 0.020384 | 0.006922 | 2.944867 | 0.0035 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.016038 | | | |
| _BG--C | 0.014837 | | | |
| _CZ--C | 0.008752 | | | |
| _DK--C | -0.010741 | | | |
| _DE--C | -0.002695 | | | |
| _EE--C | 0.019199 | | | |
| _IE--C | 0.009373 | | | |
| _EL--C | 0.004372 | | | |
| _ES--C | -0.026224 | | | |
| _FR--C | -0.006552 | | | |
| _IT--C | -0.030335 | | | |
| _CY--C | 0.008399 | | | |
| _LV--C | 0.036861 | | | |
| _LT--C | 0.036078 | | | |
| _LU--C | -0.016868 | | | |
| _HU--C | 0.005576 | | | |
| _MT--C | -0.035977 | | | |
| _NL--C | -0.012527 | | | |
| _AT--C | -0.002465 | | | |

| | |
|---|---|
| _PL--C | 0.034320 |
| _PT--C | -0.046882 |
| _RO--C | 0.019192 |
| _SL--C | 0.006612 |
| _SK--C | 0.018524 |
| _FI--C | 0.004028 |
| _SE--C | 0.010751 |
| _UK--C | -0.004883 |
| Fixed Effects (Period) | |
| 1995--C | 0.005134 |
| 1996--C | 0.002386 |
| 1997--C | 6.08E-06 |
| 1998--C | -0.000842 |
| 1999--C | -0.001861 |
| 2000--C | 0.000105 |
| 2001--C | 0.000555 |
| 2002--C | 0.000927 |
| 2003--C | 0.001910 |
| 2004--C | 0.001480 |
| 2005--C | -0.000467 |
| 2006--C | -0.003386 |
| 2007--C | -0.005946 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.839735 | Mean dependent var | 0.030005 |
| Adjusted R-squared | 0.811049 | S.D. dependent var | 0.018370 |
| S.E. of regression | 0.007985 | Akaike info criterion | -6.681168 |
| Sum squared resid | 0.016388 | Schwarz criterion | -6.106496 |
| Log likelihood | 1062.538 | F-statistic | 29.27368 |
| Durbin-Watson stat | 0.451746 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:05
Sample: 1995 2007
Included observations: 13
Cross-sections included: 21
Total pool (unbalanced) observations: 236
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.071548 | 0.029359 | -2.437025 | 0.0157 |
| ILPPSRGDPPC? | 0.048688 | 0.008414 | 5.786885 | 0.0000 |
| GFI? | 0.060444 | 0.027737 | 2.179172 | 0.0305 |
| STEA? | -0.040781 | 0.021533 | -1.893865 | 0.0597 |
| LDP? | -0.595169 | 0.236720 | -2.514228 | 0.0127 |
| ITRK? | -0.023752 | 0.015798 | -1.503530 | 0.1343 |
| TE? | -0.038413 | 0.031900 | -1.204196 | 0.2300 |
| NL? | 0.040726 | 0.043248 | 0.941676 | 0.3475 |
| FDII? | 0.003269 | 0.013271 | 0.246335 | 0.8057 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.026810 | | | |
| _CZ--C | 0.012889 | | | |
| _DK--C | -0.020272 | | | |
| _DE--C | -0.024468 | | | |
| _EE--C | 0.045415 | | | |
| _ES--C | -0.022797 | | | |
| _FR--C | -0.020024 | | | |
| _IT--C | -0.035186 | | | |
| _CY--C | -0.004175 | | | |
| _LV--C | 0.070780 | | | |
| _LT--C | 0.058216 | | | |
| _HU--C | 0.024370 | | | |
| _NL--C | -0.026871 | | | |
| _AT--C | -0.019790 | | | |
| _PL--C | 0.048170 | | | |
| _PT--C | -0.026263 | | | |
| _SL--C | 0.010425 | | | |
| _SK--C | 0.036837 | | | |

| | |
|---|---|
| _FI--C | -0.004258 |
| _SE--C | -0.006583 |
| _UK--C | -0.016184 |
| Fixed Effects (Period) | |
| 1995--C | 0.008035 |
| 1996--C | 0.006429 |
| 1997--C | 0.005383 |
| 1998--C | 0.004231 |
| 1999--C | 0.001742 |
| 2000--C | 0.001412 |
| 2001--C | 0.000176 |
| 2002--C | -0.000805 |
| 2003--C | -0.001387 |
| 2004--C | -0.002391 |
| 2005--C | -0.004612 |
| 2006--C | -0.006876 |
| 2007--C | -0.011335 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.909241 | Mean dependent var | 0.028200 |
| Adjusted R-squared | 0.890624 | S.D. dependent var | 0.017611 |
| S.E. of regression | 0.005824 | Akaike info criterion | -7.296892 |
| Sum squared resid | 0.006615 | Schwarz criterion | -6.695124 |
| Log likelihood | 902.0332 | F-statistic | 48.83884 |
| Durbin-Watson stat | 0.472381 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:07
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 301

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.014723 | 0.033883 | 0.434529 | 0.6643 |
| ILPPSRGDPPC? | 0.019103 | 0.009653 | 1.979006 | 0.0489 |
| GFI? | 0.175147 | 0.027526 | 6.362976 | 0.0000 |
| STEA? | -0.068638 | 0.024722 | -2.776385 | 0.0059 |
| LDP? | -1.547218 | 0.189266 | -8.174853 | 0.0000 |
| ITRL? | -0.001692 | 0.013048 | -0.129685 | 0.8969 |
| TE? | -0.061848 | 0.031386 | -1.970562 | 0.0499 |
| NL? | 0.054758 | 0.040223 | 1.361374 | 0.1746 |
| FDII? | 0.020036 | 0.006944 | 2.885457 | 0.0042 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.017106 | | | |
| _BG--C | 0.014859 | | | |
| _CZ--C | 0.005470 | | | |
| _DK--C | -0.003924 | | | |
| _DE--C | -0.008065 | | | |
| _EE--C | 0.016890 | | | |
| _IE--C | 0.017301 | | | |
| _EL--C | -0.000988 | | | |
| _ES--C | -0.026774 | | | |
| _FR--C | -0.007692 | | | |
| _IT--C | -0.032462 | | | |
| _CY--C | 0.007631 | | | |
| _LV--C | 0.034315 | | | |
| _LT--C | 0.032103 | | | |
| _LU--C | -0.012219 | | | |
| _HU--C | 0.011108 | | | |
| _MT--C | -0.032067 | | | |
| _NL--C | -0.010254 | | | |
| _AT--C | -0.005704 | | | |

| | |
|---|---|
| _PL--C | 0.033383 |
| _PT--C | -0.043009 |
| _RO--C | 0.023247 |
| _SL--C | 0.007923 |
| _SK--C | 0.018714 |
| _FI--C | 0.006872 |
| _SE--C | 0.011545 |
| _UK--C | -0.005587 |
| Fixed Effects (Period) | |
| 1995--C | 0.006077 |
| 1996--C | 0.002017 |
| 1997--C | 9.19E-05 |
| 1998--C | -0.000875 |
| 1999--C | -0.001970 |
| 2000--C | -3.79E-05 |
| 2001--C | 7.22E-06 |
| 2002--C | 0.001269 |
| 2003--C | 0.002167 |
| 2004--C | 0.001524 |
| 2005--C | -0.000375 |
| 2006--C | -0.003579 |
| 2007--C | -0.006316 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.837190 | Mean dependent var | 0.029657 |
| Adjusted R-squared | 0.807705 | S.D. dependent var | 0.018265 |
| S.E. of regression | 0.008009 | Akaike info criterion | -6.673890 |
| Sum squared resid | 0.016294 | Schwarz criterion | -6.095039 |
| Log likelihood | 1051.420 | F-statistic | 28.39353 |
| Durbin-Watson stat | 0.471315 | Prob(F-statistic) | 0.000000 |

### C.6.3 Top Income Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:31
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.003086 | 0.027420 | 0.112544 | 0.9105 |
| ILPPSRGDPPC? | 0.024366 | 0.008460 | 2.880189 | 0.0043 |
| GFI? | 0.156441 | 0.024678 | 6.339342 | 0.0000 |
| STEA? | -0.060668 | 0.019843 | -3.057417 | 0.0024 |
| LDP? | -1.514914 | 0.149088 | -10.16123 | 0.0000 |
| TCITR? | 0.022340 | 0.013212 | 1.690852 | 0.0920 |
| TPITR? | -0.091754 | 0.014162 | -6.478938 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.009629 | | | |
| _BG--C | 0.016884 | | | |
| _CZ--C | -0.003787 | | | |
| _DK--C | 0.006207 | | | |
| _DE--C | -0.010315 | | | |
| _EE--C | 0.011647 | | | |
| _IE--C | 0.027400 | | | |
| _EL--C | -0.006550 | | | |
| _ES--C | -0.018491 | | | |
| _FR--C | -0.006221 | | | |
| _IT--C | -0.036080 | | | |
| _CY--C | 0.003891 | | | |
| _LV--C | 0.028571 | | | |
| _LT--C | 0.031024 | | | |
| _LU--C | -0.013437 | | | |
| _HU--C | 0.006531 | | | |
| _MT--C | -0.036841 | | | |
| _NL--C | -0.002885 | | | |
| _AT--C | -0.008087 | | | |
| _PL--C | 0.031800 | | | |

| | |
|---|---|
| _PT--C | -0.043018 |
| _RO--C | 0.019934 |
| _SL--C | 0.012638 |
| _SK--C | 0.011301 |
| _FI--C | 0.012944 |
| _SE--C | 0.013968 |
| _UK--C | -0.008957 |
| Fixed Effects (Period) | |
| 1995--C | 0.001916 |
| 1996--C | 0.001502 |
| 1997--C | 0.001563 |
| 1998--C | 0.001717 |
| 1999--C | 0.000973 |
| 2000--C | 0.003586 |
| 2001--C | 0.001268 |
| 2002--C | 0.000509 |
| 2003--C | 0.000757 |
| 2004--C | 0.000238 |
| 2005--C | -0.002061 |
| 2006--C | -0.004441 |
| 2007--C | -0.007527 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.837767 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.812090 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.007788 | Akaike info criterion | -6.743981 |
| Sum squared resid | 0.016859 | Schwarz criterion | -6.217683 |
| Log likelihood | 1134.153 | F-statistic | 32.62696 |
| Durbin-Watson stat | 0.466064 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:33
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.031968 | 0.028787 | -1.110496 | 0.2677 |
| ILPPSRGDPPC? | 0.022598 | 0.009055 | 2.495508 | 0.0132 |
| GFI? | 0.174817 | 0.026253 | 6.659007 | 0.0000 |
| STEA? | -0.053025 | 0.021213 | -2.499675 | 0.0130 |
| LDP? | -1.485185 | 0.159585 | -9.306533 | 0.0000 |
| TCITR? | -0.008298 | 0.013212 | -0.628086 | 0.5305 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.018654 | | | |
| _BG--C | 0.023527 | | | |
| _CZ--C | 0.002217 | | | |
| _DK--C | -0.011659 | | | |
| _DE--C | -0.012895 | | | |
| _EE--C | 0.023144 | | | |
| _IE--C | 0.025635 | | | |
| _EL--C | -0.002545 | | | |
| _ES--C | -0.020678 | | | |
| _FR--C | -0.013698 | | | |
| _IT--C | -0.032651 | | | |
| _CY--C | 0.008854 | | | |
| _LV--C | 0.039845 | | | |
| _LT--C | 0.036007 | | | |
| _LU--C | -0.010010 | | | |
| _HU--C | 0.004639 | | | |
| _MT--C | -0.023852 | | | |
| _NL--C | -0.011955 | | | |
| _AT--C | -0.013568 | | | |
| _PL--C | 0.031967 | | | |
| _PT--C | -0.036014 | | | |
| _RO--C | 0.026168 | | | |

| | |
|---|---|
| _SL--C | 0.004217 |
| _SK--C | 0.016983 |
| _FI--C | 0.002341 |
| _SE--C | 0.002502 |
| _UK--C | -0.003766 |
| Fixed Effects (Period) | |
| 1995--C | 0.000342 |
| 1996--C | -4.79E-05 |
| 1997--C | 0.000670 |
| 1998--C | 0.000659 |
| 1999--C | 0.000230 |
| 2000--C | 0.002911 |
| 2001--C | 0.001156 |
| 2002--C | 0.000771 |
| 2003--C | 0.001307 |
| 2004--C | 0.001136 |
| 2005--C | -0.000567 |
| 2006--C | -0.002645 |
| 2007--C | -0.005922 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.813271 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.784492 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008340 | Akaike info criterion | -6.609546 |
| Sum squared resid | 0.019405 | Schwarz criterion | -6.094943 |
| Log likelihood | 1111.442 | F-statistic | 28.25912 |
| Durbin-Watson stat | 0.337063 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:35
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.012578 | 0.026929 | 0.467074 | 0.6408 |
| ILPPSRGDPPC? | 0.021719 | 0.008342 | 2.603741 | 0.0097 |
| GFI? | 0.159550 | 0.024691 | 6.461900 | 0.0000 |
| STEA? | -0.059989 | 0.019905 | -3.013763 | 0.0028 |
| LDP? | -1.507262 | 0.149515 | -10.08104 | 0.0000 |
| TPITR? | -0.083184 | 0.013268 | -6.269623 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008194 | | | |
| _BG--C | 0.014352 | | | |
| _CZ--C | -0.003620 | | | |
| _DK--C | 0.005576 | | | |
| _DE--C | -0.006611 | | | |
| _EE--C | 0.010389 | | | |
| _IE--C | 0.026571 | | | |
| _EL--C | -0.005167 | | | |
| _ES--C | -0.017598 | | | |
| _FR--C | -0.004956 | | | |
| _IT--C | -0.032807 | | | |
| _CY--C | 0.002585 | | | |
| _LV--C | 0.025750 | | | |
| _LT--C | 0.028099 | | | |
| _LU--C | -0.009819 | | | |
| _HU--C | 0.003404 | | | |
| _MT--C | -0.034856 | | | |
| _NL--C | -0.002088 | | | |
| _AT--C | -0.007399 | | | |
| _PL--C | 0.029949 | | | |
| _PT--C | -0.041917 | | | |
| _RO--C | 0.016968 | | | |

| | |
|---|---|
| _SL--C | 0.010815 |
| _SK--C | 0.010224 |
| _FI--C | 0.012001 |
| _SE--C | 0.013216 |
| _UK--C | -0.007593 |
| Fixed Effects (Period) | |
| 1995--C | 0.002191 |
| 1996--C | 0.001943 |
| 1997--C | 0.002078 |
| 1998--C | 0.001998 |
| 1999--C | 0.001340 |
| 2000--C | 0.003728 |
| 2001--C | 0.001349 |
| 2002--C | 0.000428 |
| 2003--C | 0.000566 |
| 2004--C | -0.000108 |
| 2005--C | -0.002579 |
| 2006--C | -0.004892 |
| 2007--C | -0.008043 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.836099 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.810838 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.007813 | Akaike info criterion | -6.739941 |
| Sum squared resid | 0.017033 | Schwarz criterion | -6.225339 |
| Log likelihood | 1132.501 | F-statistic | 33.09871 |
| Durbin-Watson stat | 0.447626 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:36
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.028306 | 0.031968 | 0.885469 | 0.3767 |
| ILPPSRGDPPC? | 0.021853 | 0.009104 | 2.400240 | 0.0171 |
| GFI? | 0.152593 | 0.026161 | 5.832738 | 0.0000 |
| STEA? | -0.080131 | 0.022340 | -3.586943 | 0.0004 |
| LDP? | -1.445983 | 0.149048 | -9.701457 | 0.0000 |
| TCITR? | 0.021098 | 0.013273 | 1.589500 | 0.1132 |
| TPITR? | -0.080854 | 0.014906 | -5.424430 | 0.0000 |
| TE? | -0.018303 | 0.030432 | -0.601433 | 0.5481 |
| NL? | 0.053999 | 0.038323 | 1.409044 | 0.1600 |
| FDII? | 0.018288 | 0.006672 | 2.740843 | 0.0066 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.013425 | | | |
| _BG--C | 0.013434 | | | |
| _CZ--C | 0.001864 | | | |
| _DK--C | 0.007165 | | | |
| _DE--C | -0.005955 | | | |
| _EE--C | 0.013112 | | | |
| _IE--C | 0.021291 | | | |
| _EL--C | -0.006813 | | | |
| _ES--C | -0.025449 | | | |
| _FR--C | -0.005674 | | | |
| _IT--C | -0.038116 | | | |
| _CY--C | 0.002533 | | | |
| _LV--C | 0.030494 | | | |
| _LT--C | 0.033595 | | | |
| _LU--C | -0.018235 | | | |
| _HU--C | 0.010681 | | | |
| _MT--C | -0.044844 | | | |
| _NL--C | -0.003893 | | | |

| | |
|---|---|
| _AT--C | -0.004297 |
| _PL--C | 0.034662 |
| _PT--C | -0.050395 |
| _RO--C | 0.018585 |
| _SL--C | 0.014967 |
| _SK--C | 0.016018 |
| _FI--C | 0.012560 |
| _SE--C | 0.015898 |
| _UK--C | -0.009456 |
| Fixed Effects (Period) | |
| 1995--C | 0.004435 |
| 1996--C | 0.002285 |
| 1997--C | 0.000736 |
| 1998--C | 0.000394 |
| 1999--C | -0.000902 |
| 2000--C | 0.001320 |
| 2001--C | 0.000742 |
| 2002--C | 0.000779 |
| 2003--C | 0.001583 |
| 2004--C | 0.001167 |
| 2005--C | -0.001172 |
| 2006--C | -0.004393 |
| 2007--C | -0.006976 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.849887 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.822855 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007691 | Akaike info criterion | -6.755735 |
| Sum squared resid | 0.015438 | Schwarz criterion | -6.175798 |
| Log likelihood | 1091.761 | F-statistic | 31.44029 |
| Durbin-Watson stat | 0.533163 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:38
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.018799 | 0.033607 | 0.559390 | 0.5764 |
| ILPPSRGDPPC? | 0.017105 | 0.009541 | 1.792765 | 0.0742 |
| GFI? | 0.175376 | 0.027187 | 6.450821 | 0.0000 |
| STEA? | -0.073131 | 0.023481 | -3.114485 | 0.0020 |
| LDP? | -1.405677 | 0.156730 | -8.968789 | 0.0000 |
| TCITR? | -0.005447 | 0.012991 | -0.419274 | 0.6754 |
| TE? | -0.049168 | 0.031475 | -1.562151 | 0.1195 |
| NL? | 0.062084 | 0.040318 | 1.539855 | 0.1248 |
| FDII? | 0.019897 | 0.007018 | 2.835139 | 0.0049 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.017789 | | | |
| _BG--C | 0.014490 | | | |
| _CZ--C | 0.006255 | | | |
| _DK--C | -0.004531 | | | |
| _DE--C | -0.006171 | | | |
| _EE--C | 0.018118 | | | |
| _IE--C | 0.017300 | | | |
| _EL--C | -0.002878 | | | |
| _ES--C | -0.028848 | | | |
| _FR--C | -0.008680 | | | |
| _IT--C | -0.032941 | | | |
| _CY--C | 0.006043 | | | |
| _LV--C | 0.035241 | | | |
| _LT--C | 0.033653 | | | |
| _LU--C | -0.011673 | | | |
| _HU--C | 0.009951 | | | |
| _MT--C | -0.034002 | | | |
| _NL--C | -0.010032 | | | |
| _AT--C | -0.005789 | | | |

| | |
|---|---|
| _PL--C | 0.033035 |
| _PT--C | -0.044864 |
| _RO--C | 0.018500 |
| _SL--C | 0.007692 |
| _SK--C | 0.018938 |
| _FI--C | 0.005881 |
| _SE--C | 0.010408 |
| _UK--C | -0.004829 |
| Fixed Effects (Period) | |
| 1995--C | 0.004597 |
| 1996--C | 0.001804 |
| 1997--C | 7.81E-05 |
| 1998--C | -0.000843 |
| 1999--C | -0.001701 |
| 2000--C | 0.000170 |
| 2001--C | 0.000262 |
| 2002--C | 0.000847 |
| 2003--C | 0.002106 |
| 2004--C | 0.001829 |
| 2005--C | -2.33E-05 |
| 2006--C | -0.003167 |
| 2007--C | -0.005959 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.832964 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.803637 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.008097 | Akaike info criterion | -6.655384 |
| Sum squared resid | 0.017178 | Schwarz criterion | -6.087530 |
| Log likelihood | 1075.257 | F-statistic | 28.40269 |
| Durbin-Watson stat | 0.451382 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 21:40
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.036654 | 0.031625 | 1.159014 | 0.2475 |
| ILPPSRGDPPC? | 0.019505 | 0.009010 | 2.164853 | 0.0313 |
| GFI? | 0.155342 | 0.026180 | 5.933567 | 0.0000 |
| STEA? | -0.079471 | 0.022401 | -3.547664 | 0.0005 |
| LDP? | -1.437467 | 0.149385 | -9.622564 | 0.0000 |
| TPITR? | -0.072119 | 0.013896 | -5.189977 | 0.0000 |
| TE? | -0.018350 | 0.030520 | -0.601242 | 0.5482 |
| NL? | 0.060055 | 0.038244 | 1.570305 | 0.1176 |
| FDII? | 0.017623 | 0.006678 | 2.638740 | 0.0088 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011937 | | | |
| _BG--C | 0.011323 | | | |
| _CZ--C | 0.002397 | | | |
| _DK--C | 0.006282 | | | |
| _DE--C | -0.002428 | | | |
| _EE--C | 0.012145 | | | |
| _IE--C | 0.020353 | | | |
| _EL--C | -0.005203 | | | |
| _ES--C | -0.024613 | | | |
| _FR--C | -0.004455 | | | |
| _IT--C | -0.034913 | | | |
| _CY--C | 0.001540 | | | |
| _LV--C | 0.028167 | | | |
| _LT--C | 0.031147 | | | |
| _LU--C | -0.014918 | | | |
| _HU--C | 0.008239 | | | |
| _MT--C | -0.042507 | | | |
| _NL--C | -0.003209 | | | |
| _AT--C | -0.003639 | | | |

| | |
|---|---|
| _PL--C | 0.033272 |
| _PT--C | -0.049098 |
| _RO--C | 0.016205 |
| _SL--C | 0.013368 |
| _SK--C | 0.015514 |
| _FI--C | 0.011409 |
| _SE--C | 0.015046 |
| _UK--C | -0.008112 |
| Fixed Effects (Period) | |
| 1995--C | 0.004982 |
| 1996--C | 0.002854 |
| 1997--C | 0.001269 |
| 1998--C | 0.000665 |
| 1999--C | -0.000553 |
| 2000--C | 0.001385 |
| 2001--C | 0.000743 |
| 2002--C | 0.000694 |
| 2003--C | 0.001398 |
| 2004--C | 0.000795 |
| 2005--C | -0.001724 |
| 2006--C | -0.004893 |
| 2007--C | -0.007614 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.848434 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.821823 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007713 | Akaike info criterion | -6.752574 |
| Sum squared resid | 0.015587 | Schwarz criterion | -6.184719 |
| Log likelihood | 1090.273 | F-statistic | 31.88308 |
| Durbin-Watson stat | 0.513553 | Prob(F-statistic) | 0.000000 |

### C.6.4 Tax Structure Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:08
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.044749 | 0.032033 | -1.396964 | 0.1635 |
| ILPPSRGDPPC? | 0.023872 | 0.009330 | 2.558562 | 0.0110 |
| GFI? | 0.167094 | 0.026764 | 6.243124 | 0.0000 |
| STEA? | -0.044701 | 0.021481 | -2.080909 | 0.0384 |
| LDP? | -1.449584 | 0.153565 | -9.439548 | 0.0000 |
| TT? | -0.037778 | 0.063155 | -0.598178 | 0.5502 |
| CT? | 0.257143 | 0.097153 | 2.646783 | 0.0086 |
| KT? | -0.197496 | 0.090371 | -2.185384 | 0.0297 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.009480 | | | |
| _BG--C | 0.013745 | | | |
| _CZ--C | 0.003322 | | | |
| _DK--C | -0.018921 | | | |
| _DE--C | -0.013301 | | | |
| _EE--C | 0.011821 | | | |
| _IE--C | 0.026095 | | | |
| _EL--C | -0.001905 | | | |
| _ES--C | -0.010234 | | | |
| _FR--C | -0.006244 | | | |
| _IT--C | -0.020047 | | | |
| _CY--C | 0.010581 | | | |
| _LV--C | 0.031950 | | | |
| _LT--C | 0.026670 | | | |
| _LU--C | 0.003315 | | | |
| _HU--C | -0.006039 | | | |
| _MT--C | -0.025539 | | | |
| _NL--C | -0.011544 | | | |
| _AT--C | -0.013432 | | | |

| | |
|---|---|
| _PL--C | 0.030649 |
| _PT--C | -0.035386 |
| _RO--C | 0.021989 |
| _SL--C | -0.006326 |
| _SK--C | 0.015005 |
| _FI--C | 0.001514 |
| _SE--C | 0.002276 |
| _UK--C | 0.001872 |
| Fixed Effects (Period) | |
| 1995--C | -0.001361 |
| 1996--C | -0.000533 |
| 1997--C | 0.001008 |
| 1998--C | 0.001069 |
| 1999--C | 0.000555 |
| 2000--C | 0.003660 |
| 2001--C | 0.001834 |
| 2002--C | 0.000887 |
| 2003--C | 0.000767 |
| 2004--C | 0.000362 |
| 2005--C | -0.001239 |
| 2006--C | -0.002497 |
| 2007--C | -0.004512 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.828902 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.801107 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008012 | Akaike info criterion | -6.684588 |
| Sum squared resid | 0.017781 | Schwarz criterion | -6.146594 |
| Log likelihood | 1125.561 | F-statistic | 29.82133 |
| Durbin-Watson stat | 0.376993 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:09
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.044438 | 0.031974 | -1.389808 | 0.1657 |
| ILPPSRGDPPC? | 0.023957 | 0.009303 | 2.575211 | 0.0105 |
| GFI? | 0.165023 | 0.026772 | 6.163961 | 0.0000 |
| STEA? | -0.043990 | 0.021457 | -2.050136 | 0.0413 |
| LDP? | -1.451555 | 0.153328 | -9.467014 | 0.0000 |
| TT? | 0.229077 | 0.066987 | 3.419703 | 0.0007 |
| KT? | -0.465083 | 0.090673 | -5.129214 | 0.0000 |
| LT? | -0.275584 | 0.098129 | -2.808377 | 0.0053 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.009310 | | | |
| _BG--C | 0.012935 | | | |
| _CZ--C | 0.003386 | | | |
| _DK--C | -0.018417 | | | |
| _DE--C | -0.012984 | | | |
| _EE--C | 0.011636 | | | |
| _IE--C | 0.025503 | | | |
| _EL--C | -0.002423 | | | |
| _ES--C | -0.008479 | | | |
| _FR--C | -0.005357 | | | |
| _IT--C | -0.019711 | | | |
| _CY--C | 0.009778 | | | |
| _LV--C | 0.031612 | | | |
| _LT--C | 0.026674 | | | |
| _LU--C | 0.003127 | | | |
| _HU--C | -0.006334 | | | |
| _MT--C | -0.026021 | | | |
| _NL--C | -0.011529 | | | |
| _AT--C | -0.012990 | | | |
| _PL--C | 0.030844 | | | |

| | |
|---|---|
| _PT--C | -0.035706 |
| _RO--C | 0.021469 |
| _SL--C | -0.006252 |
| _SK--C | 0.014651 |
| _FI--C | 0.001598 |
| _SE--C | 0.002947 |
| _UK--C | 0.001386 |
| Fixed Effects (Period) | |
| 1995--C | -0.001268 |
| 1996--C | -0.000435 |
| 1997--C | 0.001098 |
| 1998--C | 0.001143 |
| 1999--C | 0.000595 |
| 2000--C | 0.003698 |
| 2001--C | 0.001902 |
| 2002--C | 0.000882 |
| 2003--C | 0.000711 |
| 2004--C | 0.000261 |
| 2005--C | -0.001365 |
| 2006--C | -0.002603 |
| 2007--C | -0.004620 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.829432 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.801722 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.007999 | Akaike info criterion | -6.687687 |
| Sum squared resid | 0.017726 | Schwarz criterion | -6.149693 |
| Log likelihood | 1126.061 | F-statistic | 29.93300 |
| Durbin-Watson stat | 0.380018 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:11
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.043431 | 0.032052 | -1.355031 | 0.1765 |
| ILPPSRGDPPC? | 0.023401 | 0.009324 | 2.509671 | 0.0127 |
| GFI? | 0.168397 | 0.026790 | 6.285750 | 0.0000 |
| STEA? | -0.044368 | 0.021514 | -2.062226 | 0.0401 |
| LDP? | -1.449323 | 0.153779 | -9.424709 | 0.0000 |
| TT? | -0.227195 | 0.062097 | -3.658742 | 0.0003 |
| CT? | 0.446192 | 0.089886 | 4.963975 | 0.0000 |
| LT? | 0.183139 | 0.090487 | 2.023933 | 0.0439 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008717 | | | |
| _BG--C | 0.013240 | | | |
| _CZ--C | 0.003300 | | | |
| _DK--C | -0.018433 | | | |
| _DE--C | -0.012611 | | | |
| _EE--C | 0.011820 | | | |
| _IE--C | 0.025915 | | | |
| _EL--C | -0.002222 | | | |
| _ES--C | -0.011354 | | | |
| _FR--C | -0.006318 | | | |
| _IT--C | -0.019871 | | | |
| _CY--C | 0.010130 | | | |
| _LV--C | 0.031703 | | | |
| _LT--C | 0.026302 | | | |
| _LU--C | 0.003335 | | | |
| _HU--C | -0.005859 | | | |
| _MT--C | -0.025697 | | | |
| _NL--C | -0.011100 | | | |
| _AT--C | -0.012889 | | | |
| _PL--C | 0.029718 | | | |

| | |
|---|---|
| _PT--C | -0.035568 |
| _RO--C | 0.021403 |
| _SL--C | -0.006010 |
| _SK--C | 0.014585 |
| _FI--C | 0.002043 |
| _SE--C | 0.003380 |
| _UK--C | 0.001690 |
| Fixed Effects (Period) | |
| 1995--C | -0.001343 |
| 1996--C | -0.000528 |
| 1997--C | 0.000974 |
| 1998--C | 0.001045 |
| 1999--C | 0.000533 |
| 2000--C | 0.003634 |
| 2001--C | 0.001826 |
| 2002--C | 0.000918 |
| 2003--C | 0.000824 |
| 2004--C | 0.000400 |
| 2005--C | -0.001222 |
| 2006--C | -0.002515 |
| 2007--C | -0.004547 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.828489 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.800626 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008022 | Akaike info criterion | -6.682173 |
| Sum squared resid | 0.017824 | Schwarz criterion | -6.144179 |
| Log likelihood | 1125.171 | F-statistic | 29.73456 |
| Durbin-Watson stat | 0.374291 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:13
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.028644 | 0.031830 | -0.899894 | 0.3690 |
| ILPPSRGDPPC? | 0.027102 | 0.009207 | 2.943710 | 0.0035 |
| GFI? | 0.157258 | 0.026069 | 6.032385 | 0.0000 |
| STEA? | -0.073673 | 0.023067 | -3.193826 | 0.0016 |
| LDP? | -1.348809 | 0.149570 | -9.017930 | 0.0000 |
| TT? | 0.072269 | 0.063706 | 1.134405 | 0.2577 |
| CT? | 0.028390 | 0.101159 | 0.280651 | 0.7792 |
| KT? | -0.403692 | 0.095399 | -4.231619 | 0.0000 |
| NL? | 0.142523 | 0.029818 | 4.779723 | 0.0000 |
| FDII? | 0.018235 | 0.006737 | 2.706571 | 0.0072 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021291 | | | |
| _BG--C | 0.021197 | | | |
| _CZ--C | 0.010028 | | | |
| _DK--C | -0.026208 | | | |
| _DE--C | -0.018072 | | | |
| _EE--C | 0.013214 | | | |
| _IE--C | 0.023169 | | | |
| _EL--C | 0.006643 | | | |
| _ES--C | -0.018585 | | | |
| _FR--C | -0.010212 | | | |
| _IT--C | -0.025929 | | | |
| _CY--C | 0.019718 | | | |
| _LV--C | 0.038408 | | | |
| _LT--C | 0.033772 | | | |
| _LU--C | -0.005127 | | | |
| _HU--C | 0.003796 | | | |
| _MT--C | -0.027077 | | | |
| _NL--C | -0.017495 | | | |

| | |
|---|---|
| _AT--C | -0.018134 |
| _PL--C | 0.044465 |
| _PT--C | -0.037998 |
| _RO--C | 0.032102 |
| _SL--C | -0.005204 |
| _SK--C | 0.029809 |
| _FI--C | -0.007030 |
| _SE--C | -0.012948 |
| _UK--C | 0.005670 |
| Fixed Effects (Period) | |
| 1995--C | 0.003953 |
| 1996--C | 0.001494 |
| 1997--C | 0.000511 |
| 1998--C | -0.000459 |
| 1999--C | -0.001298 |
| 2000--C | 0.000712 |
| 2001--C | 0.000419 |
| 2002--C | 0.000712 |
| 2003--C | 0.001274 |
| 2004--C | 0.001032 |
| 2005--C | -0.000579 |
| 2006--C | -0.002968 |
| 2007--C | -0.004803 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.849184 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.822025 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007709 | Akaike info criterion | -6.751058 |
| Sum squared resid | 0.015510 | Schwarz criterion | -6.171121 |
| Log likelihood | 1091.038 | F-statistic | 31.26767 |
| Durbin-Watson stat | 0.509961 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:16
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.028458 | 0.031820 | -0.894353 | 0.3720 |
| ILPPSRGDPPC? | 0.027002 | 0.009192 | 2.937408 | 0.0036 |
| GFI? | 0.156896 | 0.026100 | 6.011403 | 0.0000 |
| STEA? | -0.073165 | 0.023079 | -3.170243 | 0.0017 |
| LDP? | -1.349816 | 0.149591 | -9.023390 | 0.0000 |
| TT? | 0.106599 | 0.068465 | 1.556968 | 0.1207 |
| KT? | -0.437197 | 0.089598 | -4.879546 | 0.0000 |
| LT? | -0.039654 | 0.102851 | -0.385544 | 0.7001 |
| NL? | 0.141312 | 0.029960 | 4.716678 | 0.0000 |
| FDII? | 0.018126 | 0.006740 | 2.689560 | 0.0076 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020885 | | | |
| _BG--C | 0.020701 | | | |
| _CZ--C | 0.010033 | | | |
| _DK--C | -0.025933 | | | |
| _DE--C | -0.017737 | | | |
| _EE--C | 0.013095 | | | |
| _IE--C | 0.022969 | | | |
| _EL--C | 0.006345 | | | |
| _ES--C | -0.018174 | | | |
| _FR--C | -0.009867 | | | |
| _IT--C | -0.025643 | | | |
| _CY--C | 0.019296 | | | |
| _LV--C | 0.038164 | | | |
| _LT--C | 0.033586 | | | |
| _LU--C | -0.005024 | | | |
| _HU--C | 0.003586 | | | |
| _MT--C | -0.027294 | | | |
| _NL--C | -0.017324 | | | |

| | |
|---|---|
| _AT--C | -0.017813 |
| _PL--C | 0.044198 |
| _PT--C | -0.038138 |
| _RO--C | 0.031707 |
| _SL--C | -0.005181 |
| _SK--C | 0.029493 |
| _FI--C | -0.006811 |
| _SE--C | -0.012348 |
| _UK--C | 0.005492 |
| Fixed Effects (Period) | |
| 1995--C | 0.003926 |
| 1996--C | 0.001506 |
| 1997--C | 0.000536 |
| 1998--C | -0.000428 |
| 1999--C | -0.001277 |
| 2000--C | 0.000748 |
| 2001--C | 0.000455 |
| 2002--C | 0.000722 |
| 2003--C | 0.001263 |
| 2004--C | 0.001001 |
| 2005--C | -0.000624 |
| 2006--C | -0.002999 |
| 2007--C | -0.004830 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.849224 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.822073 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007708 | Akaike info criterion | -6.751325 |
| Sum squared resid | 0.015506 | Schwarz criterion | -6.171389 |
| Log likelihood | 1091.080 | F-statistic | 31.27753 |
| Durbin-Watson stat | 0.508692 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:15
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.027491 | 0.031867 | -0.862666 | 0.3891 |
| ILPPSRGDPPC? | 0.026504 | 0.009204 | 2.879590 | 0.0043 |
| GFI? | 0.159974 | 0.026090 | 6.131714 | 0.0000 |
| STEA? | -0.073674 | 0.023118 | -3.186896 | 0.0016 |
| LDP? | -1.346479 | 0.149900 | -8.982534 | 0.0000 |
| TT? | -0.324866 | 0.064765 | -5.016039 | 0.0000 |
| CT? | 0.422758 | 0.088713 | 4.765464 | 0.0000 |
| LT? | 0.394841 | 0.096036 | 4.111380 | 0.0001 |
| NL? | 0.142936 | 0.030020 | 4.761344 | 0.0000 |
| FDII? | 0.018295 | 0.006751 | 2.710153 | 0.0072 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020315 | | | |
| _BG--C | 0.020980 | | | |
| _CZ--C | 0.010040 | | | |
| _DK--C | -0.026076 | | | |
| _DE--C | -0.017398 | | | |
| _EE--C | 0.013189 | | | |
| _IE--C | 0.023345 | | | |
| _EL--C | 0.006656 | | | |
| _ES--C | -0.020859 | | | |
| _FR--C | -0.010728 | | | |
| _IT--C | -0.025707 | | | |
| _CY--C | 0.019742 | | | |
| _LV--C | 0.038245 | | | |
| _LT--C | 0.033232 | | | |
| _LU--C | -0.004710 | | | |
| _HU--C | 0.004060 | | | |
| _MT--C | -0.026958 | | | |
| _NL--C | -0.016947 | | | |

| | |
|---|---|
| _AT--C | -0.017741 |
| _PL--C | 0.043259 |
| _PT--C | -0.037980 |
| _RO--C | 0.031715 |
| _SL--C | -0.005012 |
| _SK--C | 0.029565 |
| _FI--C | -0.006476 |
| _SE--C | -0.012071 |
| _UK--C | 0.005879 |
| Fixed Effects (Period) | |
| 1995--C | 0.003913 |
| 1996--C | 0.001445 |
| 1997--C | 0.000426 |
| 1998--C | -0.000520 |
| 1999--C | -0.001341 |
| 2000--C | 0.000663 |
| 2001--C | 0.000372 |
| 2002--C | 0.000752 |
| 2003--C | 0.001366 |
| 2004--C | 0.001125 |
| 2005--C | -0.000498 |
| 2006--C | -0.002933 |
| 2007--C | -0.004770 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.848639 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.821383 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007723 | Akaike info criterion | -6.747454 |
| Sum squared resid | 0.015566 | Schwarz criterion | -6.167518 |
| Log likelihood | 1090.482 | F-statistic | 31.13524 |
| Durbin-Watson stat | 0.506032 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:17
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.036362 | 0.031551 | -1.152488 | 0.2501 |
| ILPPSRGDPPC? | 0.015391 | 0.009641 | 1.596323 | 0.1116 |
| GFI? | 0.195439 | 0.027165 | 7.194442 | 0.0000 |
| STEA? | -0.032485 | 0.021569 | -1.506122 | 0.1332 |
| LDP? | -1.478099 | 0.154527 | -9.565295 | 0.0000 |
| TT? | -0.037805 | 0.039043 | -0.968294 | 0.3337 |
| ET? | 0.751124 | 0.153631 | 4.889134 | 0.0000 |
| PT? | -0.177494 | 0.272464 | -0.651440 | 0.5153 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.006290 | | | |
| _BG--C | 0.014332 | | | |
| _CZ--C | -0.004211 | | | |
| _DK--C | -0.020255 | | | |
| _DE--C | -0.011440 | | | |
| _EE--C | 0.015892 | | | |
| _IE--C | 0.027449 | | | |
| _EL--C | -0.000142 | | | |
| _ES--C | -0.009643 | | | |
| _FR--C | -0.002093 | | | |
| _IT--C | -0.026681 | | | |
| _CY--C | 0.006171 | | | |
| _LV--C | 0.030152 | | | |
| _LT--C | 0.026106 | | | |
| _LU--C | -0.001050 | | | |
| _HU--C | -0.000819 | | | |
| _MT--C | -0.023177 | | | |
| _NL--C | -0.015601 | | | |
| _AT--C | -0.010073 | | | |
| _PL--C | 0.027428 | | | |

| | |
|---|---|
| _PT--C | -0.033075 |
| _RO--C | 0.016019 |
| _SL--C | -0.004657 |
| _SK--C | 0.010319 |
| _FI--C | 0.003088 |
| _SE--C | 0.007488 |
| _UK--C | 0.004119 |
| Fixed Effects (Period) | |
| 1995--C | -0.000802 |
| 1996--C | -3.98E-05 |
| 1997--C | 0.000660 |
| 1998--C | -0.000738 |
| 1999--C | -0.001266 |
| 2000--C | 0.002991 |
| 2001--C | 0.001549 |
| 2002--C | 0.001270 |
| 2003--C | 0.001261 |
| 2004--C | 0.000847 |
| 2005--C | -0.000172 |
| 2006--C | -0.001431 |
| 2007--C | -0.004130 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.828187 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.800275 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.008029 | Akaike info criterion | -6.680413 |
| Sum squared resid | 0.017855 | Schwarz criterion | -6.142420 |
| Log likelihood | 1124.887 | F-statistic | 29.67145 |
| Durbin-Watson stat | 0.360341 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:20
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.019470 | 0.031936 | -0.609660 | 0.5426 |
| ILPPSRGDPPC? | 0.012574 | 0.009611 | 1.308323 | 0.1919 |
| GFI? | 0.192214 | 0.026929 | 7.137869 | 0.0000 |
| STEA? | -0.041686 | 0.021660 | -1.924586 | 0.0553 |
| LDP? | -1.487986 | 0.153062 | -9.721442 | 0.0000 |
| TT? | -0.036929 | 0.038662 | -0.955182 | 0.3403 |
| ET? | 0.763569 | 0.152204 | 5.016744 | 0.0000 |
| RTIP? | -1.001827 | 0.420938 | -2.379989 | 0.0180 |
| OPT? | 0.278388 | 0.323602 | 0.860277 | 0.3904 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.005677 | | | |
| _BG--C | 0.009004 | | | |
| _CZ--C | -0.005200 | | | |
| _DK--C | -0.011549 | | | |
| _DE--C | -0.009566 | | | |
| _EE--C | 0.016568 | | | |
| _IE--C | 0.030605 | | | |
| _EL--C | -0.009410 | | | |
| _ES--C | -0.016215 | | | |
| _FR--C | 0.001589 | | | |
| _IT--C | -0.029790 | | | |
| _CY--C | 0.005703 | | | |
| _LV--C | 0.033847 | | | |
| _LT--C | 0.025952 | | | |
| _LU--C | -0.007480 | | | |
| _HU--C | -0.004741 | | | |
| _MT--C | -0.035417 | | | |
| _NL--C | -0.017455 | | | |
| _AT--C | -0.010336 | | | |

| | |
|---|---|
| _PL--C | 0.034341 |
| _PT--C | -0.039503 |
| _RO--C | 0.014259 |
| _SL--C | -0.003741 |
| _SK--C | 0.011533 |
| _FI--C | 0.002254 |
| _SE--C | 0.012419 |
| _UK--C | 0.023843 |
| Fixed Effects (Period) | |
| 1995--C | -0.001640 |
| 1996--C | -0.000682 |
| 1997--C | -0.000163 |
| 1998--C | -0.001443 |
| 1999--C | -0.002057 |
| 2000--C | 0.002517 |
| 2001--C | 0.001639 |
| 2002--C | 0.001755 |
| 2003--C | 0.001940 |
| 2004--C | 0.001375 |
| 2005--C | 0.000429 |
| 2006--C | -0.000645 |
| 2007--C | -0.003025 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.832145 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.804169 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.007950 | Akaike info criterion | -6.697531 |
| Sum squared resid | 0.017444 | Schwarz criterion | -6.147841 |
| Log likelihood | 1128.651 | F-statistic | 29.74518 |
| Durbin-Watson stat | 0.375655 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:22
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.003584 | 0.031939 | -0.112201 | 0.9108 |
| ILPPSRGDPPC? | 0.013032 | 0.009578 | 1.360640 | 0.1748 |
| GFI? | 0.187737 | 0.026845 | 6.993340 | 0.0000 |
| STEA? | -0.057526 | 0.023465 | -2.451561 | 0.0149 |
| LDP? | -1.389053 | 0.152862 | -9.086948 | 0.0000 |
| TT? | -0.043705 | 0.039098 | -1.117834 | 0.2647 |
| ET? | 0.651198 | 0.152753 | 4.263072 | 0.0000 |
| PT? | -0.297467 | 0.274999 | -1.081704 | 0.2804 |
| NL? | 0.099175 | 0.028209 | 3.515725 | 0.0005 |
| FDII? | 0.017499 | 0.006820 | 2.566027 | 0.0108 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.007213 | | | |
| _BG--C | 0.009043 | | | |
| _CZ--C | 0.001840 | | | |
| _DK--C | -0.015960 | | | |
| _DE--C | -0.006393 | | | |
| _EE--C | 0.015570 | | | |
| _IE--C | 0.019987 | | | |
| _EL--C | -0.000149 | | | |
| _ES--C | -0.016363 | | | |
| _FR--C | -0.000630 | | | |
| _IT--C | -0.028239 | | | |
| _CY--C | 0.005107 | | | |
| _LV--C | 0.031562 | | | |
| _LT--C | 0.029118 | | | |
| _LU--C | -0.005540 | | | |
| _HU--C | 0.004690 | | | |
| _MT--C | -0.032381 | | | |
| _NL--C | -0.014225 | | | |

| | |
|---|---|
| _AT--C | -0.007041 |
| _PL--C | 0.031477 |
| _PT--C | -0.042066 |
| _RO--C | 0.014889 |
| _SL--C | -0.000669 |
| _SK--C | 0.015746 |
| _FI--C | 0.001819 |
| _SE--C | 0.009428 |
| _UK--C | 0.006792 |
| Fixed Effects (Period) | |
| 1995--C | 0.002777 |
| 1996--C | 0.001298 |
| 1997--C | -1.40E-05 |
| 1998--C | -0.001995 |
| 1999--C | -0.002996 |
| 2000--C | 0.000556 |
| 2001--C | 0.000856 |
| 2002--C | 0.001481 |
| 2003--C | 0.002089 |
| 2004--C | 0.001735 |
| 2005--C | 0.000446 |
| 2006--C | -0.001911 |
| 2007--C | -0.004322 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.843388 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.815185 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007855 | Akaike info criterion | -6.713348 |
| Sum squared resid | 0.016106 | Schwarz criterion | -6.133411 |
| Log likelihood | 1085.212 | F-statistic | 29.90501 |
| Durbin-Watson stat | 0.444914 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/13/14 Time: 22:23
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 309

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.013346 | 0.032457 | 0.411183 | 0.6813 |
| ILPPSRGDPPC? | 0.010221 | 0.009568 | 1.068230 | 0.2864 |
| GFI? | 0.185073 | 0.026635 | 6.948551 | 0.0000 |
| STEA? | -0.067843 | 0.023664 | -2.866871 | 0.0045 |
| LDP? | -1.396844 | 0.151564 | -9.216174 | 0.0000 |
| TT? | -0.042401 | 0.038761 | -1.093906 | 0.2750 |
| ET? | 0.661940 | 0.151488 | 4.369574 | 0.0000 |
| RTIP? | -1.038747 | 0.414946 | -2.503331 | 0.0129 |
| OPT? | 0.150414 | 0.331720 | 0.453436 | 0.6506 |
| NL? | 0.095134 | 0.028015 | 3.395856 | 0.0008 |
| FDII? | 0.017466 | 0.006760 | 2.583626 | 0.0103 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.007858 | | | |
| _BG--C | 0.004143 | | | |
| _CZ--C | 0.001183 | | | |
| _DK--C | -0.007833 | | | |
| _DE--C | -0.004387 | | | |
| _EE--C | 0.016619 | | | |
| _IE--C | 0.023005 | | | |
| _EL--C | -0.009319 | | | |
| _ES--C | -0.023297 | | | |
| _FR--C | 0.002317 | | | |
| _IT--C | -0.031860 | | | |
| _CY--C | 0.004457 | | | |
| _LV--C | 0.035135 | | | |
| _LT--C | 0.029229 | | | |
| _LU--C | -0.010906 | | | |
| _HU--C | 0.000848 | | | |
| _MT--C | -0.044814 | | | |

| | |
|---|---|
| _NL--C | -0.016073 |
| _AT--C | -0.007041 |
| _PL--C | 0.037818 |
| _PT--C | -0.049000 |
| _RO--C | 0.013092 |
| _SL--C | 0.000310 |
| _SK--C | 0.016977 |
| _FI--C | 0.001266 |
| _SE--C | 0.014117 |
| _UK--C | 0.024361 |
| Fixed Effects (Period) | |
| 1995--C | 0.001641 |
| 1996--C | 0.000463 |
| 1997--C | -0.000898 |
| 1998--C | -0.002702 |
| 1999--C | -0.003735 |
| 2000--C | 0.000188 |
| 2001--C | 0.001010 |
| 2002--C | 0.001965 |
| 2003--C | 0.002767 |
| 2004--C | 0.002309 |
| 2005--C | 0.001123 |
| 2006--C | -0.001024 |
| 2007--C | -0.003109 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.846698 | Mean dependent var | 0.029863 |
| Adjusted R-squared | 0.818396 | S.D. dependent var | 0.018273 |
| S.E. of regression | 0.007787 | Akaike info criterion | -6.728240 |
| Sum squared resid | 0.015766 | Schwarz criterion | -6.136221 |
| Log likelihood | 1088.513 | F-statistic | 29.91667 |
| Durbin-Watson stat | 0.454960 | Prob(F-statistic) | 0.000000 |

## C.7 Annual Data Panel Regressions with the Real GDP per Capita Growth Rate as the Dependent Variable

### C.7.1 Lagged Non-Tax Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:11
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (balanced) observations: 351

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.152820 | 0.062289 | 2.453416 | 0.0147 |
| ILPPSRGDPPCL? | -0.021151 | 0.020072 | -1.053790 | 0.2928 |
| GFIL? | 0.064201 | 0.059053 | 1.087172 | 0.2778 |
| STEAL? | -0.107075 | 0.048889 | -2.190164 | 0.0293 |
| LDPL? | -1.258556 | 0.354123 | -3.554004 | 0.0004 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011186 | | | |
| _BG--C | -0.022221 | | | |
| _CZ--C | 0.014349 | | | |
| _DK--C | 0.010744 | | | |
| _DE--C | 0.006041 | | | |
| _EE--C | 0.030664 | | | |
| _IE--C | 0.033209 | | | |
| _EL--C | -0.013906 | | | |
| _ES--C | -0.027870 | | | |
| _FR--C | -0.008908 | | | |
| _IT--C | -0.037468 | | | |
| _CY--C | 0.005769 | | | |
| _LV--C | 0.023935 | | | |
| _LT--C | 0.027406 | | | |
| _LU--C | 0.024769 | | | |
| _HU--C | -0.011757 | | | |
| _MT--C | -0.055033 | | | |
| _NL--C | 0.004140 | | | |

| | |
|---|---|
| _AT--C | 0.008138 |
| _PL--C | 0.012990 |
| _PT--C | -0.060968 |
| _RO--C | -0.020254 |
| _SL--C | 0.011875 |
| _SK--C | 0.017560 |
| _FI--C | 0.016706 |
| _SE--C | 0.019280 |
| _UK--C | 0.001997 |
| Fixed Effects (Period) | |
| 1995--C | -0.009467 |
| 1996--C | -0.017873 |
| 1997--C | -0.005753 |
| 1998--C | -0.004632 |
| 1999--C | -0.008989 |
| 2000--C | 0.006807 |
| 2001--C | -0.006527 |
| 2002--C | -0.007305 |
| 2003--C | -0.004411 |
| 2004--C | 0.008417 |
| 2005--C | 0.009452 |
| 2006--C | 0.020664 |
| 2007--C | 0.019617 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.504208 | Mean dependent var | 0.035052 |
| Adjusted R-squared | 0.436600 | S.D. dependent var | 0.026923 |
| S.E. of regression | 0.020208 | Akaike info criterion | -4.851103 |
| Sum squared resid | 0.125782 | Schwarz criterion | -4.378129 |
| Log likelihood | 894.3686 | F-statistic | 7.457813 |
| Durbin-Watson stat | 1.238364 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:14
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 325

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.154208 | 0.079994 | 1.927746 | 0.0549 |
| ILPPSRGDPPCL? | -0.013672 | 0.022673 | -0.603017 | 0.5470 |
| GFIL? | 0.034678 | 0.062243 | 0.557147 | 0.5779 |
| STEAL? | -0.132227 | 0.054865 | -2.410047 | 0.0166 |
| LDPL? | -1.415734 | 0.362568 | -3.904743 | 0.0001 |
| TEL? | 0.002473 | 0.064498 | 0.038343 | 0.9694 |
| NLL? | 0.061782 | 0.083490 | 0.739991 | 0.4599 |
| FDIIL? | 0.036550 | 0.022927 | 1.594186 | 0.1120 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023936 | | | |
| _BG--C | -0.019234 | | | |
| _CZ--C | 0.020213 | | | |
| _DK--C | 0.008215 | | | |
| _DE--C | 0.007427 | | | |
| _EE--C | 0.037287 | | | |
| _IE--C | 0.026886 | | | |
| _EL--C | -0.014367 | | | |
| _ES--C | -0.033128 | | | |
| _FR--C | -0.011910 | | | |
| _IT--C | -0.044028 | | | |
| _CY--C | -0.000448 | | | |
| _LV--C | 0.031981 | | | |
| _LT--C | 0.038094 | | | |
| _LU--C | 0.002759 | | | |
| _HU--C | -0.005423 | | | |
| _MT--C | -0.068710 | | | |
| _NL--C | -0.000538 | | | |
| _AT--C | 0.008659 | | | |
| _PL--C | 0.019456 | | | |

| | |
|---|---|
| _PT--C | -0.068956 |
| _RO--C | -0.016019 |
| _SL--C | 0.016272 |
| _SK--C | 0.027395 |
| _FI--C | 0.013601 |
| _SE--C | 0.016486 |
| _UK--C | -0.002693 |
| Fixed Effects (Period) | |
| 1995--C | -0.011868 |
| 1996--C | -0.014773 |
| 1997--C | -0.004844 |
| 1998--C | -0.003938 |
| 1999--C | -0.011011 |
| 2000--C | 0.004790 |
| 2001--C | -0.007370 |
| 2002--C | -0.007764 |
| 2003--C | -0.003894 |
| 2004--C | 0.009540 |
| 2005--C | 0.010744 |
| 2006--C | 0.021526 |
| 2007--C | 0.018862 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.541286 | Mean dependent var | 0.035016 |
| Adjusted R-squared | 0.467300 | S.D. dependent var | 0.027243 |
| S.E. of regression | 0.019884 | Akaike info criterion | -4.867349 |
| Sum squared resid | 0.110308 | Schwarz criterion | -4.331792 |
| Log likelihood | 836.9442 | F-statistic | 7.316056 |
| Durbin-Watson stat | 1.194303 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:16
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 341

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.123488 | 0.077771 | 1.587836 | 0.1134 |
| ILPPSRGDPPCL? | -0.011049 | 0.022250 | -0.496570 | 0.6199 |
| GFIL? | 0.035001 | 0.061646 | 0.567781 | 0.5706 |
| STEAL? | -0.094737 | 0.049908 | -1.898235 | 0.0586 |
| LDPL? | -1.476484 | 0.359144 | -4.111118 | 0.0001 |
| TEL? | 0.003059 | 0.063530 | 0.048150 | 0.9616 |
| NLL? | 0.058494 | 0.081464 | 0.718031 | 0.4733 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.015382 | | | |
| _BG--C | -0.016650 | | | |
| _CZ--C | 0.012977 | | | |
| _DK--C | 0.002074 | | | |
| _DE--C | -0.000574 | | | |
| _EE--C | 0.032155 | | | |
| _IE--C | 0.031222 | | | |
| _EL--C | -0.010109 | | | |
| _ES--C | -0.023711 | | | |
| _FR--C | -0.011982 | | | |
| _IT--C | -0.037698 | | | |
| _CY--C | 0.002624 | | | |
| _LV--C | 0.027357 | | | |
| _LT--C | 0.032041 | | | |
| _LU--C | 0.014693 | | | |
| _HU--C | -0.005620 | | | |
| _MT--C | -0.048629 | | | |
| _NL--C | -0.001125 | | | |
| _AT--C | 0.003067 | | | |
| _PL--C | 0.015197 | | | |
| _PT--C | -0.053086 | | | |

| | |
|---|---|
| _RO--C | -0.015003 |
| _SL--C | 0.011803 |
| _SK--C | 0.023376 |
| _FI--C | 0.010098 |
| _SE--C | 0.011719 |
| _UK--C | -0.002498 |
| Fixed Effects (Period) | |
| 1995--C | -0.011669 |
| 1996--C | -0.014075 |
| 1997--C | -0.002948 |
| 1998--C | -0.002787 |
| 1999--C | -0.007702 |
| 2000--C | 0.007302 |
| 2001--C | -0.006815 |
| 2002--C | -0.007999 |
| 2003--C | -0.005075 |
| 2004--C | 0.007687 |
| 2005--C | 0.008073 |
| 2006--C | 0.018764 |
| 2007--C | 0.017244 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.529366 | Mean dependent var | 0.034665 |
| Adjusted R-squared | 0.459407 | S.D. dependent var | 0.027019 |
| S.E. of regression | 0.019866 | Akaike info criterion | -4.877229 |
| Sum squared resid | 0.116816 | Schwarz criterion | -4.371556 |
| Log likelihood | 876.5676 | F-statistic | 7.566792 |
| Durbin-Watson stat | 1.174955 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:18
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 328

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.160652 | 0.065481 | 2.453415 | 0.0148 |
| ILPPSRGDPPCL? | -0.013852 | 0.020550 | -0.674072 | 0.5008 |
| GFIL? | 0.028728 | 0.059629 | 0.481785 | 0.6303 |
| STEAL? | -0.137389 | 0.054119 | -2.538676 | 0.0117 |
| LDPL? | -1.404577 | 0.356852 | -3.936018 | 0.0001 |
| NLL? | 0.067586 | 0.053633 | 1.260151 | 0.2087 |
| FDIIL? | 0.036561 | 0.022821 | 1.602095 | 0.1103 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024308 | | | |
| _BG--C | -0.019443 | | | |
| _CZ--C | 0.021765 | | | |
| _DK--C | 0.008920 | | | |
| _DE--C | 0.008324 | | | |
| _EE--C | 0.038353 | | | |
| _IE--C | 0.025895 | | | |
| _EL--C | -0.015018 | | | |
| _ES--C | -0.034537 | | | |
| _FR--C | -0.012045 | | | |
| _IT--C | -0.045057 | | | |
| _CY--C | -0.001112 | | | |
| _LV--C | 0.032637 | | | |
| _LT--C | 0.036840 | | | |
| _LU--C | 0.002159 | | | |
| _HU--C | -0.004849 | | | |
| _MT--C | -0.071198 | | | |
| _NL--C | -0.000506 | | | |
| _AT--C | 0.009502 | | | |
| _PL--C | 0.021505 | | | |
| _PT--C | -0.071010 | | | |

| | |
|---|---|
| _RO--C | -0.016278 |
| _SL--C | 0.016934 |
| _SK--C | 0.028789 |
| _FI--C | 0.013811 |
| _SE--C | 0.017112 |
| _UK--C | -0.003219 |
| Fixed Effects (Period) | |
| 1995--C | -0.012320 |
| 1996--C | -0.014915 |
| 1997--C | -0.004994 |
| 1998--C | -0.004106 |
| 1999--C | -0.011105 |
| 2000--C | 0.004747 |
| 2001--C | -0.007440 |
| 2002--C | -0.007734 |
| 2003--C | -0.003792 |
| 2004--C | 0.009709 |
| 2005--C | 0.010951 |
| 2006--C | 0.021814 |
| 2007--C | 0.019187 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.539126 | Mean dependent var | 0.035118 |
| Adjusted R-squared | 0.467471 | S.D. dependent var | 0.027173 |
| S.E. of regression | 0.019830 | Akaike info criterion | -4.876465 |
| Sum squared resid | 0.111279 | Schwarz criterion | -4.356082 |
| Log likelihood | 844.7403 | F-statistic | 7.523886 |
| Durbin-Watson stat | 1.320030 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:21
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 325

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.180228 | 0.071793 | 2.510385 | 0.0126 |
| ILPPSRGDPPCL? | -0.019917 | 0.021027 | -0.947213 | 0.3443 |
| GFIL? | 0.047591 | 0.059698 | 0.797191 | 0.4260 |
| STEAL? | -0.128344 | 0.054569 | -2.351943 | 0.0194 |
| LDPL? | -1.441887 | 0.360549 | -3.999140 | 0.0001 |
| TEL? | -0.032431 | 0.043955 | -0.737825 | 0.4612 |
| FDIIL? | 0.037147 | 0.022894 | 1.622531 | 0.1058 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.018079 | | | |
| _BG--C | -0.025968 | | | |
| _CZ--C | 0.016221 | | | |
| _DK--C | 0.016596 | | | |
| _DE--C | 0.010479 | | | |
| _EE--C | 0.031049 | | | |
| _IE--C | 0.029070 | | | |
| _EL--C | -0.015117 | | | |
| _ES--C | -0.032088 | | | |
| _FR--C | -0.006517 | | | |
| _IT--C | -0.040320 | | | |
| _CY--C | -0.001411 | | | |
| _LV--C | 0.023779 | | | |
| _LT--C | 0.030115 | | | |
| _LU--C | 0.010771 | | | |
| _HU--C | -0.008544 | | | |
| _MT--C | -0.069745 | | | |
| _NL--C | 0.004313 | | | |
| _AT--C | 0.013719 | | | |
| _PL--C | 0.014385 | | | |
| _PT--C | -0.069164 | | | |

| | |
|---|---|
| _RO--C | -0.025733 |
| _SL--C | 0.015697 |
| _SK--C | 0.021557 |
| _FI--C | 0.020697 |
| _SE--C | 0.024585 |
| _UK--C | -0.000589 |
| Fixed Effects (Period) | |
| 1995--C | -0.012768 |
| 1996--C | -0.016070 |
| 1997--C | -0.005669 |
| 1998--C | -0.004439 |
| 1999--C | -0.011284 |
| 2000--C | 0.004891 |
| 2001--C | -0.007012 |
| 2002--C | -0.007587 |
| 2003--C | -0.003738 |
| 2004--C | 0.009864 |
| 2005--C | 0.011314 |
| 2006--C | 0.022430 |
| 2007--C | 0.020068 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.540386 | Mean dependent var | 0.035016 |
| Adjusted R-squared | 0.468161 | S.D. dependent var | 0.027243 |
| S.E. of regression | 0.019868 | Akaike info criterion | -4.871542 |
| Sum squared resid | 0.110525 | Schwarz criterion | -4.347628 |
| Log likelihood | 836.6256 | F-statistic | 7.481974 |
| Durbin-Watson stat | 1.187462 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:22
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 341

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.149888 | 0.068475 | 2.188944 | 0.0294 |
| ILPPSRGDPPCL? | -0.017143 | 0.020551 | -0.834188 | 0.4048 |
| GFIL? | 0.047422 | 0.059121 | 0.802115 | 0.4231 |
| STEAL? | -0.092215 | 0.049743 | -1.853818 | 0.0648 |
| LDPL? | -1.500033 | 0.357352 | -4.197639 | 0.0000 |
| TEL? | -0.030424 | 0.043110 | -0.705741 | 0.4809 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.010272 | | | |
| _BG--C | -0.023492 | | | |
| _CZ--C | 0.009085 | | | |
| _DK--C | 0.009977 | | | |
| _DE--C | 0.002259 | | | |
| _EE--C | 0.026035 | | | |
| _IE--C | 0.032890 | | | |
| _EL--C | -0.011327 | | | |
| _ES--C | -0.023371 | | | |
| _FR--C | -0.007147 | | | |
| _IT--C | -0.034709 | | | |
| _CY--C | 0.001333 | | | |
| _LV--C | 0.019294 | | | |
| _LT--C | 0.024223 | | | |
| _LU--C | 0.022880 | | | |
| _HU--C | -0.008886 | | | |
| _MT--C | -0.050475 | | | |
| _NL--C | 0.003265 | | | |
| _AT--C | 0.007745 | | | |
| _PL--C | 0.010124 | | | |
| _PT--C | -0.054135 | | | |
| _RO--C | -0.024710 | | | |

| | |
|---|---|
| _SL--C | 0.011016 |
| _SK--C | 0.017660 |
| _FI--C | 0.016659 |
| _SE--C | 0.019349 |
| _UK--C | -0.000808 |
| Fixed Effects (Period) | |
| 1995--C | -0.012683 |
| 1996--C | -0.015376 |
| 1997--C | -0.003825 |
| 1998--C | -0.003301 |
| 1999--C | -0.007967 |
| 2000--C | 0.007377 |
| 2001--C | -0.006427 |
| 2002--C | -0.007731 |
| 2003--C | -0.004912 |
| 2004--C | 0.008022 |
| 2005--C | 0.008653 |
| 2006--C | 0.019687 |
| 2007--C | 0.018484 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.528546 | Mean dependent var | 0.034665 |
| Adjusted R-squared | 0.460289 | S.D. dependent var | 0.027019 |
| S.E. of regression | 0.019850 | Akaike info criterion | -4.881354 |
| Sum squared resid | 0.117020 | Schwarz criterion | -4.386918 |
| Log likelihood | 876.2709 | F-statistic | 7.743404 |
| Durbin-Watson stat | 1.167652 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:24
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 344

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.129823 | 0.062447 | 2.078929 | 0.0385 |
| ILPPSRGDPPCL? | -0.011315 | 0.020095 | -0.563078 | 0.5738 |
| GFIL? | 0.028661 | 0.059132 | 0.484693 | 0.6282 |
| STEAL? | -0.098870 | 0.049286 | -2.006036 | 0.0457 |
| LDPL? | -1.460217 | 0.354051 | -4.124317 | 0.0000 |
| NLL? | 0.065553 | 0.052314 | 1.253068 | 0.2112 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.015524 | | | |
| _BG--C | -0.016844 | | | |
| _CZ--C | 0.014437 | | | |
| _DK--C | 0.002724 | | | |
| _DE--C | 0.000260 | | | |
| _EE--C | 0.033003 | | | |
| _IE--C | 0.030245 | | | |
| _EL--C | -0.010538 | | | |
| _ES--C | -0.024825 | | | |
| _FR--C | -0.011985 | | | |
| _IT--C | -0.038387 | | | |
| _CY--C | 0.001988 | | | |
| _LV--C | 0.027818 | | | |
| _LT--C | 0.030661 | | | |
| _LU--C | 0.013907 | | | |
| _HU--C | -0.004942 | | | |
| _MT--C | -0.050559 | | | |
| _NL--C | -0.001032 | | | |
| _AT--C | 0.003937 | | | |
| _PL--C | 0.017339 | | | |
| _PT--C | -0.054633 | | | |
| _RO--C | -0.015331 | | | |

| | |
|---|---|
| _SL--C | 0.012465 |
| _SK--C | 0.024678 |
| _FI--C | 0.010290 |
| _SE--C | 0.012326 |
| _UK--C | -0.002970 |
| Fixed Effects (Period) | |
| 1995--C | -0.011804 |
| 1996--C | -0.014168 |
| 1997--C | -0.003059 |
| 1998--C | -0.002947 |
| 1999--C | -0.007800 |
| 2000--C | 0.007249 |
| 2001--C | -0.006935 |
| 2002--C | -0.008015 |
| 2003--C | -0.005005 |
| 2004--C | 0.007817 |
| 2005--C | 0.008216 |
| 2006--C | 0.018973 |
| 2007--C | 0.017478 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.527065 | Mean dependent var | 0.034766 |
| Adjusted R-squared | 0.459278 | S.D. dependent var | 0.026955 |
| S.E. of regression | 0.019821 | Akaike info criterion | -4.885197 |
| Sum squared resid | 0.117861 | Schwarz criterion | -4.393952 |
| Log likelihood | 884.2539 | F-statistic | 7.775279 |
| Durbin-Watson stat | 1.295050 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:27
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 335

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.180644 | 0.065235 | 2.769137 | 0.0060 |
| ILPPSRGDPPCL? | -0.023538 | 0.020535 | -1.146231 | 0.2526 |
| GFIL? | 0.064755 | 0.059571 | 1.087012 | 0.2779 |
| STEAL? | -0.142568 | 0.053330 | -2.673299 | 0.0079 |
| LDPL? | -1.204674 | 0.356711 | -3.377173 | 0.0008 |
| FDIIL? | 0.036280 | 0.023166 | 1.566064 | 0.1184 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019084 | | | |
| _BG--C | -0.024233 | | | |
| _CZ--C | 0.021450 | | | |
| _DK--C | 0.016987 | | | |
| _DE--C | 0.014002 | | | |
| _EE--C | 0.035977 | | | |
| _IE--C | 0.029637 | | | |
| _EL--C | -0.017556 | | | |
| _ES--C | -0.036600 | | | |
| _FR--C | -0.008458 | | | |
| _IT--C | -0.043083 | | | |
| _CY--C | 0.003152 | | | |
| _LV--C | 0.028821 | | | |
| _LT--C | 0.033560 | | | |
| _LU--C | 0.013043 | | | |
| _HU--C | -0.011576 | | | |
| _MT--C | -0.074040 | | | |
| _NL--C | 0.005057 | | | |
| _AT--C | 0.013783 | | | |
| _PL--C | 0.017262 | | | |
| _PT--C | -0.075622 | | | |
| _RO--C | -0.020823 | | | |

| | |
|---|---|
| _SL--C | 0.016299 |
| _SK--C | 0.021583 |
| _FI--C | 0.020515 |
| _SE--C | 0.024156 |
| _UK--C | 0.002271 |
| Fixed Effects (Period) | |
| 1995--C | -0.009925 |
| 1996--C | -0.018523 |
| 1997--C | -0.007536 |
| 1998--C | -0.005659 |
| 1999--C | -0.012227 |
| 2000--C | 0.004359 |
| 2001--C | -0.007079 |
| 2002--C | -0.007141 |
| 2003--C | -0.003211 |
| 2004--C | 0.010258 |
| 2005--C | 0.012100 |
| 2006--C | 0.023383 |
| 2007--C | 0.021200 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.516032 | Mean dependent var | 0.035410 |
| Adjusted R-squared | 0.444518 | S.D. dependent var | 0.027132 |
| S.E. of regression | 0.020221 | Akaike info criterion | -4.842267 |
| Sum squared resid | 0.118992 | Schwarz criterion | -4.341307 |
| Log likelihood | 855.0798 | F-statistic | 7.215802 |
| Durbin-Watson stat | 1.262355 | Prob(F-statistic) | 0.000000 |

### C.7.2 Lagged Implicit Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:54
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 242
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.035988 | 0.080265 | -0.448368 | 0.6544 |
| ILPPSRGDPPCL? | 0.058560 | 0.021762 | 2.690888 | 0.0077 |
| GFIL? | -0.146088 | 0.062852 | -2.324317 | 0.0211 |
| STEAL? | -0.073115 | 0.052855 | -1.383330 | 0.1681 |
| LDPL? | -1.490495 | 0.594484 | -2.507208 | 0.0130 |
| ITRCL? | -0.122043 | 0.088298 | -1.382162 | 0.1684 |
| ITRKL? | -0.016889 | 0.031331 | -0.539034 | 0.5905 |
| ITRLL? | 0.053226 | 0.083257 | 0.639297 | 0.5234 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.045339 | | | |
| _CZ--C | 0.022984 | | | |
| _DK--C | -0.018116 | | | |
| _DE--C | -0.040367 | | | |
| _EE--C | 0.085333 | | | |
| _ES--C | -0.021786 | | | |
| _FR--C | -0.039000 | | | |
| _IT--C | -0.064840 | | | |
| _CY--C | -0.009499 | | | |
| _LV--C | 0.088094 | | | |
| _LT--C | 0.070198 | | | |
| _HU--C | 0.023029 | | | |
| _NL--C | -0.031121 | | | |
| _AT--C | -0.026571 | | | |
| _PL--C | 0.047303 | | | |
| _PT--C | -0.033937 | | | |
| _SL--C | 0.019371 | | | |
| _SK--C | 0.060136 | | | |

| | |
|---|---|
| _FI--C | -0.006429 |
| _SE--C | -0.019600 |
| _UK--C | -0.029825 |
| Fixed Effects (Period) | |
| 1996--C | 0.000205 |
| 1997--C | 0.008374 |
| 1998--C | 0.006447 |
| 1999--C | -0.000788 |
| 2000--C | 0.007008 |
| 2001--C | -0.007529 |
| 2002--C | -0.013751 |
| 2003--C | -0.011660 |
| 2004--C | -0.000755 |
| 2005--C | -0.001622 |
| 2006--C | 0.008442 |
| 2007--C | 0.005629 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.731566 | Mean dependent var | 0.033440 |
| Adjusted R-squared | 0.681317 | S.D. dependent var | 0.025130 |
| S.E. of regression | 0.014186 | Akaike info criterion | -5.526472 |
| Sum squared resid | 0.040855 | Schwarz criterion | -4.964205 |
| Log likelihood | 707.7031 | F-statistic | 14.55887 |
| Durbin-Watson stat | 1.236565 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:55
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 242
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.016002 | 0.073819 | -0.216778 | 0.8286 |
| ILPPSRGDPPCL? | 0.056524 | 0.021497 | 2.629407 | 0.0092 |
| GFIL? | -0.148237 | 0.062671 | -2.365307 | 0.0190 |
| STEAL? | -0.070171 | 0.052577 | -1.334625 | 0.1835 |
| LDPL? | -1.447406 | 0.589794 | -2.454086 | 0.0150 |
| ITRCL? | -0.104929 | 0.084021 | -1.248848 | 0.2132 |
| ITRKL? | -0.017152 | 0.031283 | -0.548280 | 0.5841 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.040790 | | | |
| _CZ--C | 0.025112 | | | |
| _DK--C | -0.018273 | | | |
| _DE--C | -0.038434 | | | |
| _EE--C | 0.084294 | | | |
| _ES--C | -0.022438 | | | |
| _FR--C | -0.036769 | | | |
| _IT--C | -0.060251 | | | |
| _CY--C | -0.016108 | | | |
| _LV--C | 0.086736 | | | |
| _LT--C | 0.069485 | | | |
| _HU--C | 0.023693 | | | |
| _NL--C | -0.032548 | | | |
| _AT--C | -0.024041 | | | |
| _PL--C | 0.045115 | | | |
| _PT--C | -0.039773 | | | |
| _SL--C | 0.019277 | | | |
| _SK--C | 0.058760 | | | |
| _FI--C | -0.003701 | | | |
| _SE--C | -0.015353 | | | |

| | |
|---|---|
| _UK--C | -0.034586 |
| Fixed Effects (Period) | |
| 1996--C | 0.000126 |
| 1997--C | 0.008310 |
| 1998--C | 0.006605 |
| 1999--C | -0.000512 |
| 2000--C | 0.007268 |
| 2001--C | -0.007237 |
| 2002--C | -0.013446 |
| 2003--C | -0.011559 |
| 2004--C | -0.000876 |
| 2005--C | -0.001927 |
| 2006--C | 0.007999 |
| 2007--C | 0.005249 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.731025 | Mean dependent var | 0.033440 |
| Adjusted R-squared | 0.682241 | S.D. dependent var | 0.025130 |
| S.E. of regression | 0.014166 | Akaike info criterion | -5.532725 |
| Sum squared resid | 0.040937 | Schwarz criterion | -4.984875 |
| Log likelihood | 707.4597 | F-statistic | 14.98474 |
| Durbin-Watson stat | 1.226430 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:58
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 242
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.056060 | 0.079116 | -0.708575 | 0.4794 |
| ILPPSRGDPPCL? | 0.059968 | 0.021787 | 2.752486 | 0.0064 |
| GFIL? | -0.152841 | 0.062802 | -2.433712 | 0.0158 |
| STEAL? | -0.063446 | 0.052506 | -1.208339 | 0.2283 |
| LDPL? | -1.529115 | 0.595151 | -2.569291 | 0.0109 |
| ITRKL? | -0.027593 | 0.030427 | -0.906867 | 0.3655 |
| ITRLL? | 0.018339 | 0.079515 | 0.230632 | 0.8178 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.041988 | | | |
| _CZ--C | 0.025528 | | | |
| _DK--C | -0.031471 | | | |
| _DE--C | -0.038285 | | | |
| _EE--C | 0.084184 | | | |
| _ES--C | -0.012570 | | | |
| _FR--C | -0.035981 | | | |
| _IT--C | -0.056011 | | | |
| _CY--C | -0.005539 | | | |
| _LV--C | 0.089800 | | | |
| _LT--C | 0.072322 | | | |
| _HU--C | 0.017798 | | | |
| _NL--C | -0.036287 | | | |
| _AT--C | -0.026391 | | | |
| _PL--C | 0.048796 | | | |
| _PT--C | -0.030281 | | | |
| _SL--C | 0.016036 | | | |
| _SK--C | 0.059354 | | | |
| _FI--C | -0.012191 | | | |
| _SE--C | -0.023984 | | | |

| | |
|---|---|
| _UK--C | -0.029103 |
| Fixed Effects (Period) | |
| 1996--C | 0.000460 |
| 1997--C | 0.008979 |
| 1998--C | 0.007071 |
| 1999--C | -0.000347 |
| 2000--C | 0.007229 |
| 2001--C | -0.006876 |
| 2002--C | -0.012920 |
| 2003--C | -0.011363 |
| 2004--C | -0.001109 |
| 2005--C | -0.002456 |
| 2006--C | 0.007079 |
| 2007--C | 0.004253 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.729040 | Mean dependent var | 0.033440 |
| Adjusted R-squared | 0.679895 | S.D. dependent var | 0.025130 |
| S.E. of regression | 0.014218 | Akaike info criterion | -5.525369 |
| Sum squared resid | 0.041240 | Schwarz criterion | -4.977520 |
| Log likelihood | 706.5697 | F-statistic | 14.83452 |
| Durbin-Watson stat | 1.225396 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:00
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 311

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.023056 | 0.068848 | 0.334884 | 0.7380 |
| ILPPSRGDPPCL? | 0.015181 | 0.020927 | 0.725443 | 0.4688 |
| GFIL? | -0.053198 | 0.061182 | -0.869507 | 0.3854 |
| STEAL? | -0.099951 | 0.052513 | -1.903358 | 0.0581 |
| LDPL? | -2.113676 | 0.432930 | -4.882262 | 0.0000 |
| ITRCL? | 0.171420 | 0.067308 | 2.546812 | 0.0114 |
| ITRLL? | 0.045429 | 0.029551 | 1.537298 | 0.1254 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.031103 | | | |
| _BG--C | 0.004932 | | | |
| _CZ--C | 0.019633 | | | |
| _DK--C | -0.031211 | | | |
| _DE--C | -0.011782 | | | |
| _EE--C | 0.053000 | | | |
| _IE--C | 0.025675 | | | |
| _EL--C | 0.001505 | | | |
| _ES--C | -0.004897 | | | |
| _FR--C | -0.024698 | | | |
| _IT--C | -0.048132 | | | |
| _CY--C | 0.019431 | | | |
| _LV--C | 0.053200 | | | |
| _LT--C | 0.048076 | | | |
| _LU--C | -0.003031 | | | |
| _HU--C | -0.012210 | | | |
| _MT--C | -0.036693 | | | |
| _NL--C | -0.017678 | | | |
| _AT--C | -0.010144 | | | |
| _PL--C | 0.030428 | | | |
| _PT--C | -0.043599 | | | |

| | |
|---|---|
| _RO--C | 0.015285 |
| _SL--C | 0.008662 |
| _SK--C | 0.035273 |
| _FI--C | -0.012613 |
| _SE--C | -0.015838 |
| _UK--C | -0.007474 |
| Fixed Effects (Period) | |
| 1996--C | -0.014641 |
| 1997--C | 0.000961 |
| 1998--C | 0.001151 |
| 1999--C | -0.004662 |
| 2000--C | 0.008254 |
| 2001--C | -0.007931 |
| 2002--C | -0.011391 |
| 2003--C | -0.006812 |
| 2004--C | 0.002741 |
| 2005--C | 0.004217 |
| 2006--C | 0.014671 |
| 2007--C | 0.013441 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.597320 | Mean dependent var | 0.034496 |
| Adjusted R-squared | 0.532468 | S.D. dependent var | 0.027354 |
| S.E. of regression | 0.018704 | Akaike info criterion | -4.989784 |
| Sum squared resid | 0.093404 | Schwarz criterion | -4.460681 |
| Log likelihood | 819.9114 | F-statistic | 9.210622 |
| Durbin-Watson stat | 1.194233 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:21
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 319

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.072156 | 0.068376 | 1.055282 | 0.2922 |
| ILPPSRGDPPCL? | -0.002548 | 0.020972 | -0.121495 | 0.9034 |
| GFIL? | -0.038791 | 0.061586 | -0.629863 | 0.5293 |
| STEAL? | -0.097383 | 0.052263 | -1.863323 | 0.0635 |
| LDPL? | -1.589158 | 0.371468 | -4.278050 | 0.0000 |
| ITRCL? | 0.223225 | 0.057723 | 3.867207 | 0.0001 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021203 | | | |
| _BG--C | -0.006693 | | | |
| _CZ--C | 0.020619 | | | |
| _DK--C | -0.028937 | | | |
| _DE--C | -0.001651 | | | |
| _EE--C | 0.047506 | | | |
| _IE--C | 0.020581 | | | |
| _EL--C | 0.003030 | | | |
| _ES--C | -0.010548 | | | |
| _FR--C | -0.018592 | | | |
| _IT--C | -0.037320 | | | |
| _CY--C | 0.013071 | | | |
| _LV--C | 0.045692 | | | |
| _LT--C | 0.043346 | | | |
| _LU--C | 0.006346 | | | |
| _HU--C | -0.017443 | | | |
| _MT--C | -0.042162 | | | |
| _NL--C | -0.013305 | | | |
| _AT--C | -0.001958 | | | |
| _PL--C | 0.021784 | | | |
| _PT--C | -0.049109 | | | |
| _RO--C | 0.013118 | | | |

| | |
|---|---|
| _SL--C | 0.007566 |
| _SK--C | 0.026852 |
| _FI--C | -0.008182 |
| _SE--C | -0.008151 |
| _UK--C | -0.004565 |
| Fixed Effects (Period) | |
| 1996--C | -0.015193 |
| 1997--C | -0.002222 |
| 1998--C | -0.001531 |
| 1999--C | -0.006587 |
| 2000--C | 0.006655 |
| 2001--C | -0.006953 |
| 2002--C | -0.007962 |
| 2003--C | -0.006496 |
| 2004--C | 0.005251 |
| 2005--C | 0.005236 |
| 2006--C | 0.015379 |
| 2007--C | 0.014423 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.572140 | Mean dependent var | 0.035062 |
| Adjusted R-squared | 0.507031 | S.D. dependent var | 0.027465 |
| S.E. of regression | 0.019284 | Akaike info criterion | -4.934293 |
| Sum squared resid | 0.102635 | Schwarz criterion | -4.426759 |
| Log likelihood | 830.0197 | F-statistic | 8.787409 |
| Durbin-Watson stat | 1.304169 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:22
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 242
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.047409 | 0.069498 | -0.682160 | 0.4959 |
| ILPPSRGDPPCL? | 0.059121 | 0.021425 | 2.759409 | 0.0063 |
| GFIL? | -0.153297 | 0.062625 | -2.447839 | 0.0152 |
| STEAL? | -0.062843 | 0.052320 | -1.201122 | 0.2311 |
| LDPL? | -1.510712 | 0.588413 | -2.567432 | 0.0110 |
| ITRKL? | -0.027123 | 0.030288 | -0.895505 | 0.3716 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.040440 | | | |
| _CZ--C | 0.026200 | | | |
| _DK--C | -0.030820 | | | |
| _DE--C | -0.037663 | | | |
| _EE--C | 0.083851 | | | |
| _ES--C | -0.013308 | | | |
| _FR--C | -0.035296 | | | |
| _IT--C | -0.054740 | | | |
| _CY--C | -0.008257 | | | |
| _LV--C | 0.089194 | | | |
| _LT--C | 0.071939 | | | |
| _HU--C | 0.018328 | | | |
| _NL--C | -0.036554 | | | |
| _AT--C | -0.025441 | | | |
| _PL--C | 0.047886 | | | |
| _PT--C | -0.032690 | | | |
| _SL--C | 0.016178 | | | |
| _SK--C | 0.058873 | | | |
| _FI--C | -0.010849 | | | |
| _SE--C | -0.022139 | | | |
| _UK--C | -0.030948 | | | |

| | |
|---|---|
| Fixed Effects (Period) | |
| 1996--C | 0.000416 |
| 1997--C | 0.008923 |
| 1998--C | 0.007098 |
| 1999--C | -0.000266 |
| 2000--C | 0.007316 |
| 2001--C | -0.006800 |
| 2002--C | -0.012848 |
| 2003--C | -0.011341 |
| 2004--C | -0.001136 |
| 2005--C | -0.002527 |
| 2006--C | 0.006984 |
| 2007--C | 0.004182 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.728969 | Mean dependent var | 0.033440 |
| Adjusted R-squared | 0.681373 | S.D. dependent var | 0.025130 |
| S.E. of regression | 0.014185 | Akaike info criterion | -5.533373 |
| Sum squared resid | 0.041250 | Schwarz criterion | -4.999940 |
| Log likelihood | 706.5381 | F-statistic | 15.31585 |
| Durbin-Watson stat | 1.222557 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:28
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 315

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.067848 | 0.066386 | 1.022035 | 0.3077 |
| ILPPSRGDPPCL? | 0.006130 | 0.020697 | 0.296177 | 0.7673 |
| GFIL? | -0.021109 | 0.059651 | -0.353879 | 0.7237 |
| STEAL? | -0.095175 | 0.052136 | -1.825524 | 0.0690 |
| LDPL? | -2.219110 | 0.429247 | -5.169769 | 0.0000 |
| ITRLL? | 0.064625 | 0.028487 | 2.268593 | 0.0241 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.027395 | | | |
| _BG--C | -0.007666 | | | |
| _CZ--C | 0.011292 | | | |
| _DK--C | -0.007412 | | | |
| _DE--C | -0.013108 | | | |
| _EE--C | 0.041354 | | | |
| _IE--C | 0.040685 | | | |
| _EL--C | -0.008923 | | | |
| _ES--C | -0.008555 | | | |
| _FR--C | -0.020555 | | | |
| _IT--C | -0.050717 | | | |
| _CY--C | 0.014661 | | | |
| _LV--C | 0.038734 | | | |
| _LT--C | 0.033783 | | | |
| _LU--C | 0.012963 | | | |
| _HU--C | -0.007988 | | | |
| _MT--C | -0.039088 | | | |
| _NL--C | -0.006967 | | | |
| _AT--C | -0.006519 | | | |
| _PL--C | 0.021614 | | | |
| _PT--C | -0.043475 | | | |
| _RO--C | -0.010231 | | | |

| | |
|---|---|
| _SL--C | 0.010980 |
| _SK--C | 0.029414 |
| _FI--C | 0.000904 |
| _SE--C | -0.003563 |
| _UK--C | -0.004121 |
| Fixed Effects (Period) | |
| 1996--C | -0.015486 |
| 1997--C | -0.001139 |
| 1998--C | -0.000844 |
| 1999--C | -0.006105 |
| 2000--C | 0.008220 |
| 2001--C | -0.008562 |
| 2002--C | -0.012401 |
| 2003--C | -0.006925 |
| 2004--C | 0.003443 |
| 2005--C | 0.005772 |
| 2006--C | 0.017541 |
| 2007--C | 0.016485 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.587160 | Mean dependent var | 0.034461 |
| Adjusted R-squared | 0.523413 | S.D. dependent var | 0.027187 |
| S.E. of regression | 0.018769 | Akaike info criterion | -4.987002 |
| Sum squared resid | 0.095816 | Schwarz criterion | -4.474746 |
| Log likelihood | 828.4527 | F-statistic | 9.210738 |
| Durbin-Watson stat | 1.147053 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:31
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 235
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.032374 | 0.082355 | -0.393102 | 0.6947 |
| ILPPSRGDPPCL? | 0.056590 | 0.022960 | 2.464734 | 0.0146 |
| GFIL? | -0.132494 | 0.065943 | -2.009210 | 0.0459 |
| STEAL? | -0.066574 | 0.054459 | -1.222464 | 0.2230 |
| LDPL? | -1.523922 | 0.611374 | -2.492620 | 0.0135 |
| ITRCL? | -0.094408 | 0.111517 | -0.846584 | 0.3983 |
| ITRKL? | -0.011048 | 0.041487 | -0.266291 | 0.7903 |
| ITRLL? | 0.085893 | 0.103456 | 0.830237 | 0.4074 |
| TEL? | -0.054168 | 0.112265 | -0.482500 | 0.6300 |
| NLL? | -0.035032 | 0.136003 | -0.257580 | 0.7970 |
| FDIIL? | 0.014309 | 0.033557 | 0.426407 | 0.6703 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.046184 | | | |
| _CZ--C | 0.016557 | | | |
| _DK--C | -0.017590 | | | |
| _DE--C | -0.040107 | | | |
| _EE--C | 0.076489 | | | |
| _ES--C | -0.021515 | | | |
| _FR--C | -0.036564 | | | |
| _IT--C | -0.063111 | | | |
| _CY--C | -0.007460 | | | |
| _LV--C | 0.080510 | | | |
| _LT--C | 0.063257 | | | |
| _HU--C | 0.018904 | | | |
| _NL--C | -0.030010 | | | |
| _AT--C | -0.025392 | | | |
| _PL--C | 0.044405 | | | |
| _PT--C | -0.029317 | | | |

| | |
|---|---|
| _SL--C | 0.016855 |
| _SK--C | 0.053643 |
| _FI--C | -0.006558 |
| _SE--C | -0.018621 |
| _UK--C | -0.028447 |
| Fixed Effects (Period) | |
| 1996--C | 0.001774 |
| 1997--C | 0.009068 |
| 1998--C | 0.007342 |
| 1999--C | -0.001800 |
| 2000--C | 0.006118 |
| 2001--C | -0.007953 |
| 2002--C | -0.014204 |
| 2003--C | -0.011832 |
| 2004--C | -0.000451 |
| 2005--C | -0.001572 |
| 2006--C | 0.008213 |
| 2007--C | 0.005298 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.731737 | Mean dependent var | 0.033825 |
| Adjusted R-squared | 0.674748 | S.D. dependent var | 0.025319 |
| S.E. of regression | 0.014440 | Akaike info criterion | -5.477146 |
| Sum squared resid | 0.040240 | Schwarz criterion | -4.858838 |
| Log likelihood | 685.5647 | F-statistic | 12.84006 |
| Durbin-Watson stat | 1.241999 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:33
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 235
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.008992 | 0.077328 | -0.116288 | 0.9075 |
| ILPPSRGDPPCL? | 0.052840 | 0.022493 | 2.349168 | 0.0198 |
| GFIL? | -0.134155 | 0.065860 | -2.036972 | 0.0430 |
| STEAL? | -0.064813 | 0.054374 | -1.191993 | 0.2347 |
| LDPL? | -1.485755 | 0.609154 | -2.439046 | 0.0156 |
| ITRCL? | -0.105612 | 0.110608 | -0.954830 | 0.3409 |
| ITRKL? | -0.022401 | 0.039136 | -0.572391 | 0.5677 |
| TEL? | -0.001995 | 0.092954 | -0.021462 | 0.9829 |
| NLL? | 0.018118 | 0.119898 | 0.151109 | 0.8800 |
| FDIIL? | 0.014234 | 0.033530 | 0.424533 | 0.6716 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.040960 | | | |
| _CZ--C | 0.021440 | | | |
| _DK--C | -0.017790 | | | |
| _DE--C | -0.038224 | | | |
| _EE--C | 0.076555 | | | |
| _ES--C | -0.021925 | | | |
| _FR--C | -0.034563 | | | |
| _IT--C | -0.057783 | | | |
| _CY--C | -0.016115 | | | |
| _LV--C | 0.079915 | | | |
| _LT--C | 0.063600 | | | |
| _HU--C | 0.020907 | | | |
| _NL--C | -0.032277 | | | |
| _AT--C | -0.023515 | | | |
| _PL--C | 0.041556 | | | |
| _PT--C | -0.038073 | | | |
| _SL--C | 0.017312 | | | |

| | |
|---|---|
| _SK--C | 0.054201 |
| _FI--C | -0.003828 |
| _SE--C | -0.015204 |
| _UK--C | -0.032817 |
| Fixed Effects (Period) | |
| 1996--C | 0.001144 |
| 1997--C | 0.008220 |
| 1998--C | 0.007049 |
| 1999--C | -0.001628 |
| 2000--C | 0.006463 |
| 2001--C | -0.007537 |
| 2002--C | -0.013676 |
| 2003--C | -0.011411 |
| 2004--C | -0.000399 |
| 2005--C | -0.001539 |
| 2006--C | 0.008101 |
| 2007--C | 0.005214 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.730779 | Mean dependent var | 0.033825 |
| Adjusted R-squared | 0.675269 | S.D. dependent var | 0.025319 |
| S.E. of regression | 0.014428 | Akaike info criterion | -5.482092 |
| Sum squared resid | 0.040384 | Schwarz criterion | -4.878505 |
| Log likelihood | 685.1458 | F-statistic | 13.16491 |
| Durbin-Watson stat | 1.220853 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:37
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 235
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.044331 | 0.081076 | -0.546780 | 0.5852 |
| ILPPSRGDPPCL? | 0.059151 | 0.022743 | 2.600859 | 0.0100 |
| GFIL? | -0.137688 | 0.065609 | -2.098610 | 0.0371 |
| STEAL? | -0.061028 | 0.054024 | -1.129645 | 0.2600 |
| LDPL? | -1.531134 | 0.610868 | -2.506490 | 0.0130 |
| ITRKL? | -0.003676 | 0.040533 | -0.090694 | 0.9278 |
| ITRLL? | 0.096491 | 0.102620 | 0.940278 | 0.3482 |
| TEL? | -0.109698 | 0.091042 | -1.204918 | 0.2297 |
| NLL? | -0.098559 | 0.113346 | -0.869540 | 0.3856 |
| FDIIL? | 0.014555 | 0.033531 | 0.434074 | 0.6647 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.044615 | | | |
| _CZ--C | 0.015553 | | | |
| _DK--C | -0.024074 | | | |
| _DE--C | -0.038555 | | | |
| _EE--C | 0.075592 | | | |
| _ES--C | -0.017155 | | | |
| _FR--C | -0.034665 | | | |
| _IT--C | -0.059095 | | | |
| _CY--C | -0.004046 | | | |
| _LV--C | 0.081229 | | | |
| _LT--C | 0.063855 | | | |
| _HU--C | 0.015038 | | | |
| _NL--C | -0.031753 | | | |
| _AT--C | -0.024143 | | | |
| _PL--C | 0.045986 | | | |
| _PT--C | -0.025428 | | | |
| _SL--C | 0.014926 | | | |

| | |
|---|---|
| _SK--C | 0.051330 |
| _FI--C | -0.008781 |
| _SE--C | -0.019200 |
| _UK--C | -0.029154 |
| Fixed Effects (Period) | |
| 1996--C | 0.002205 |
| 1997--C | 0.010132 |
| 1998--C | 0.008129 |
| 1999--C | -0.001440 |
| 2000--C | 0.006243 |
| 2001--C | -0.007611 |
| 2002--C | -0.013927 |
| 2003--C | -0.012027 |
| 2004--C | -0.000844 |
| 2005--C | -0.002361 |
| 2006--C | 0.007165 |
| 2007--C | 0.004335 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.730740 | Mean dependent var | 0.033825 |
| Adjusted R-squared | 0.675223 | S.D. dependent var | 0.025319 |
| S.E. of regression | 0.014429 | Akaike info criterion | -5.481950 |
| Sum squared resid | 0.040390 | Schwarz criterion | -4.878363 |
| Log likelihood | 685.1292 | F-statistic | 13.16236 |
| Durbin-Watson stat | 1.242114 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:39
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 297

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.116293 | 0.080929 | 1.436968 | 0.1520 |
| ILPPSRGDPPCL? | 0.004414 | 0.022204 | 0.198805 | 0.8426 |
| GFIL? | -0.055160 | 0.061743 | -0.893390 | 0.3725 |
| STEAL? | -0.102877 | 0.059326 | -1.734081 | 0.0841 |
| LDPL? | -2.145322 | 0.434037 | -4.942712 | 0.0000 |
| ITRCL? | 0.257148 | 0.077609 | 3.313398 | 0.0011 |
| ITRLL? | 0.043194 | 0.029812 | 1.448877 | 0.1486 |
| TEL? | -0.179576 | 0.077088 | -2.329478 | 0.0206 |
| NLL? | -0.083901 | 0.096222 | -0.871951 | 0.3841 |
| FDIIL? | 0.027403 | 0.021716 | 1.261901 | 0.2082 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.020739 | | | |
| _BG--C | -0.013513 | | | |
| _CZ--C | 0.016394 | | | |
| _DK--C | -0.015341 | | | |
| _DE--C | 0.000238 | | | |
| _EE--C | 0.034261 | | | |
| _IE--C | 0.010197 | | | |
| _EL--C | 0.006027 | | | |
| _ES--C | -0.006938 | | | |
| _FR--C | -0.007044 | | | |
| _IT--C | -0.036368 | | | |
| _CY--C | 0.012794 | | | |
| _LV--C | 0.032733 | | | |
| _LT--C | 0.029729 | | | |
| _LU--C | -0.014250 | | | |
| _HU--C | -0.015505 | | | |
| _MT--C | -0.044793 | | | |
| _NL--C | -0.011488 | | | |

| | |
|---|---|
| _AT--C | 0.008156 |
| _PL--C | 0.023832 |
| _PT--C | -0.047669 |
| _RO--C | -0.002904 |
| _SL--C | 0.008427 |
| _SK--C | 0.026059 |
| _FI--C | 0.001269 |
| _SE--C | 0.006250 |
| _UK--C | -0.009156 |
| Fixed Effects (Period) | |
| 1996--C | -0.011684 |
| 1997--C | 0.002459 |
| 1998--C | 0.001636 |
| 1999--C | -0.007164 |
| 2000--C | 0.006051 |
| 2001--C | -0.009110 |
| 2002--C | -0.012388 |
| 2003--C | -0.006415 |
| 2004--C | 0.003953 |
| 2005--C | 0.004994 |
| 2006--C | 0.014928 |
| 2007--C | 0.012741 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.622837 | Mean dependent var | 0.034710 |
| Adjusted R-squared | 0.553439 | S.D. dependent var | 0.027609 |
| S.E. of regression | 0.018450 | Akaike info criterion | -5.003311 |
| Sum squared resid | 0.085098 | Schwarz criterion | -4.418781 |
| Log likelihood | 789.9917 | F-statistic | 8.974858 |
| Durbin-Watson stat | 1.288427 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 05/06/14 Time: 21:04
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 305

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.165084 | 0.080921 | 2.040070 | 0.0424 |
| ILPPSRGDPPCL? | -0.012820 | 0.022320 | -0.574365 | 0.5662 |
| GFIL? | -0.043526 | 0.062552 | -0.695826 | 0.4872 |
| STEAL? | -0.100142 | 0.058109 | -1.723359 | 0.0860 |
| LDPL? | -1.575874 | 0.370058 | -4.258446 | 0.0000 |
| ITRCL? | 0.288185 | 0.064282 | 4.483154 | 0.0000 |
| TEL? | -0.173884 | 0.076182 | -2.282466 | 0.0233 |
| NLL? | -0.065820 | 0.094117 | -0.699344 | 0.4850 |
| FDIIL? | 0.025463 | 0.022207 | 1.146631 | 0.2526 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.011890 | | | |
| _BG--C | -0.023786 | | | |
| _CZ--C | 0.018627 | | | |
| _DK--C | -0.011365 | | | |
| _DE--C | 0.010354 | | | |
| _EE--C | 0.030302 | | | |
| _IE--C | 0.006483 | | | |
| _EL--C | 0.007860 | | | |
| _ES--C | -0.012739 | | | |
| _FR--C | -0.000922 | | | |
| _IT--C | -0.025718 | | | |
| _CY--C | 0.006246 | | | |
| _LV--C | 0.026852 | | | |
| _LT--C | 0.026478 | | | |
| _LU--C | -0.004150 | | | |
| _HU--C | -0.017948 | | | |
| _MT--C | -0.049266 | | | |
| _NL--C | -0.006196 | | | |
| _AT--C | 0.016553 | | | |

| | |
|---|---|
| _PL--C | 0.016366 |
| _PT--C | -0.052042 |
| _RO--C | -0.007082 |
| _SL--C | 0.008808 |
| _SK--C | 0.019781 |
| _FI--C | 0.006408 |
| _SE--C | 0.014408 |
| _UK--C | -0.005867 |
| Fixed Effects (Period) | |
| 1996--C | -0.011642 |
| 1997--C | -0.000728 |
| 1998--C | -0.001080 |
| 1999--C | -0.009104 |
| 2000--C | 0.004579 |
| 2001--C | -0.008211 |
| 2002--C | -0.009008 |
| 2003--C | -0.006293 |
| 2004--C | 0.006177 |
| 2005--C | 0.005742 |
| 2006--C | 0.015743 |
| 2007--C | 0.013825 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.597996 | Mean dependent var | 0.035297 |
| Adjusted R-squared | 0.528150 | S.D. dependent var | 0.027713 |
| S.E. of regression | 0.019036 | Akaike info criterion | -4.946778 |
| Sum squared resid | 0.093857 | Schwarz criterion | -4.385682 |
| Log likelihood | 800.3837 | F-statistic | 8.561605 |
| Durbin-Watson stat | 1.399460 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:42
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 235
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.019291 | 0.076555 | -0.251990 | 0.8013 |
| ILPPSRGDPPCL? | 0.055223 | 0.022349 | 2.470908 | 0.0143 |
| GFIL? | -0.140285 | 0.065532 | -2.140724 | 0.0335 |
| STEAL? | -0.058270 | 0.053928 | -1.080513 | 0.2812 |
| LDPL? | -1.488596 | 0.609009 | -2.444292 | 0.0154 |
| ITRKL? | -0.015623 | 0.038479 | -0.406024 | 0.6852 |
| TEL? | -0.057730 | 0.072325 | -0.798204 | 0.4257 |
| NLL? | -0.046559 | 0.098909 | -0.470722 | 0.6384 |
| FDIIL? | 0.014503 | 0.033521 | 0.432668 | 0.6657 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.038446 | | | |
| _CZ--C | 0.020984 | | | |
| _DK--C | -0.025179 | | | |
| _DE--C | -0.036198 | | | |
| _EE--C | 0.075545 | | | |
| _ES--C | -0.017033 | | | |
| _FR--C | -0.032126 | | | |
| _IT--C | -0.052476 | | | |
| _CY--C | -0.013452 | | | |
| _LV--C | 0.080648 | | | |
| _LT--C | 0.064327 | | | |
| _HU--C | 0.016799 | | | |
| _NL--C | -0.034573 | | | |
| _AT--C | -0.021834 | | | |
| _PL--C | 0.042952 | | | |
| _PT--C | -0.034885 | | | |
| _SL--C | 0.015186 | | | |
| _SK--C | 0.051652 | | | |

| | |
|---|---|
| _FI--C | -0.005969 |
| _SE--C | -0.015382 |
| _UK--C | -0.034231 |
| Fixed Effects (Period) | |
| 1996--C | 0.001546 |
| 1997--C | 0.009309 |
| 1998--C | 0.007902 |
| 1999--C | -0.001196 |
| 2000--C | 0.006654 |
| 2001--C | -0.007090 |
| 2002--C | -0.013287 |
| 2003--C | -0.011573 |
| 2004--C | -0.000837 |
| 2005--C | -0.002431 |
| 2006--C | 0.006896 |
| 2007--C | 0.004108 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.729513 | Mean dependent var | 0.033825 |
| Adjusted R-squared | 0.675416 | S.D. dependent var | 0.025319 |
| S.E. of regression | 0.014425 | Akaike info criterion | -5.485914 |
| Sum squared resid | 0.040574 | Schwarz criterion | -4.897049 |
| Log likelihood | 684.5949 | F-statistic | 13.48520 |
| Durbin-Watson stat | 1.217659 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 12:44
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 301

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.119466 | 0.081539 | 1.465137 | 0.1441 |
| ILPPSRGDPPCL? | 0.002621 | 0.022469 | 0.116644 | 0.9072 |
| GFIL? | -0.026307 | 0.061403 | -0.428426 | 0.6687 |
| STEAL? | -0.117918 | 0.058842 | -2.003974 | 0.0461 |
| LDPL? | -2.174930 | 0.435293 | -4.996470 | 0.0000 |
| ITRLL? | 0.061864 | 0.029438 | 2.101459 | 0.0366 |
| TEL? | -0.055638 | 0.068484 | -0.812426 | 0.4173 |
| NLL? | 0.048441 | 0.088235 | 0.549007 | 0.5835 |
| FDIIL? | 0.036250 | 0.021796 | 1.663146 | 0.0975 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.030105 | | | |
| _BG--C | -0.015461 | | | |
| _CZ--C | 0.016328 | | | |
| _DK--C | 0.001125 | | | |
| _DE--C | -0.005291 | | | |
| _EE--C | 0.037232 | | | |
| _IE--C | 0.030686 | | | |
| _EL--C | -0.008929 | | | |
| _ES--C | -0.017200 | | | |
| _FR--C | -0.015015 | | | |
| _IT--C | -0.050802 | | | |
| _CY--C | 0.008905 | | | |
| _LV--C | 0.035067 | | | |
| _LT--C | 0.032300 | | | |
| _LU--C | -0.004260 | | | |
| _HU--C | -0.003874 | | | |
| _MT--C | -0.052774 | | | |
| _NL--C | -0.005539 | | | |
| _AT--C | 0.002408 | | | |

| | |
|---|---|
| _PL--C | 0.023720 |
| _PT--C | -0.053363 |
| _RO--C | -0.018099 |
| _SL--C | 0.014918 |
| _SK--C | 0.032218 |
| _FI--C | 0.005854 |
| _SE--C | 0.005418 |
| _UK--C | -0.006545 |
| Fixed Effects (Period) | |
| 1996--C | -0.012160 |
| 1997--C | -0.000535 |
| 1998--C | -0.000971 |
| 1999--C | -0.009018 |
| 2000--C | 0.005706 |
| 2001--C | -0.010532 |
| 2002--C | -0.013449 |
| 2003--C | -0.006282 |
| 2004--C | 0.005043 |
| 2005--C | 0.007447 |
| 2006--C | 0.018731 |
| 2007--C | 0.016019 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.605330 | Mean dependent var | 0.034671 |
| Adjusted R-squared | 0.535682 | S.D. dependent var | 0.027433 |
| S.E. of regression | 0.018693 | Akaike info criterion | -4.981541 |
| Sum squared resid | 0.089104 | Schwarz criterion | -4.415005 |
| Log likelihood | 795.7218 | F-statistic | 8.691304 |
| Durbin-Watson stat | 1.213172 | Prob(F-statistic) | 0.000000 |

### C.7.3 Lagged Top Income Tax Rate Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:42
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.220857 | 0.067060 | 3.293402 | 0.0011 |
| ILPPSRGDPPCL? | -0.024810 | 0.020632 | -1.202483 | 0.2302 |
| GFIL? | 0.012485 | 0.059131 | 0.211139 | 0.8329 |
| STEAL? | -0.084653 | 0.051245 | -1.651922 | 0.0997 |
| LDPL? | -1.604566 | 0.364911 | -4.397137 | 0.0000 |
| TCITRL? | -0.060788 | 0.032792 | -1.853762 | 0.0648 |
| TPITRL? | -0.093175 | 0.036949 | -2.521733 | 0.0122 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.008487 | | | |
| _BG--C | -0.039988 | | | |
| _CZ--C | 0.002414 | | | |
| _DK--C | 0.026245 | | | |
| _DE--C | 0.019221 | | | |
| _EE--C | 0.006529 | | | |
| _IE--C | 0.036723 | | | |
| _EL--C | -0.006195 | | | |
| _ES--C | -0.008005 | | | |
| _FR--C | 0.007787 | | | |
| _IT--C | -0.023299 | | | |
| _CY--C | -0.007516 | | | |
| _LV--C | -0.003717 | | | |
| _LT--C | 0.003224 | | | |
| _LU--C | 0.040120 | | | |
| _HU--C | -0.023009 | | | |
| _MT--C | -0.051270 | | | |
| _NL--C | 0.018983 | | | |
| _AT--C | 0.015161 | | | |
| _PL--C | 0.001322 | | | |

| | |
|---|---|
| _PT--C | -0.050342 |
| _RO--C | -0.038524 |
| _SL--C | 0.013078 |
| _SK--C | 0.006225 |
| _FI--C | 0.023520 |
| _SE--C | 0.024065 |
| _UK--C | -0.001237 |
| Fixed Effects (Period) | |
| 1996--C | -0.013029 |
| 1997--C | -0.000829 |
| 1998--C | -0.000459 |
| 1999--C | -0.005629 |
| 2000--C | 0.008938 |
| 2001--C | -0.005790 |
| 2002--C | -0.008547 |
| 2003--C | -0.007505 |
| 2004--C | 0.004290 |
| 2005--C | 0.003687 |
| 2006--C | 0.013016 |
| 2007--C | 0.011858 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.574579 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.509246 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.019111 | Akaike info criterion | -4.951469 |
| Sum squared resid | 0.102263 | Schwarz criterion | -4.438035 |
| Log likelihood | 846.1380 | F-statistic | 8.794677 |
| Durbin-Watson stat | 1.251630 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:44
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.199101 | 0.067134 | 2.965715 | 0.0033 |
| ILPPSRGDPPCL? | -0.031296 | 0.020666 | -1.514403 | 0.1310 |
| GFIL? | 0.028261 | 0.059357 | 0.476118 | 0.6344 |
| STEAL? | -0.075384 | 0.051598 | -1.460979 | 0.1451 |
| LDPL? | -1.570861 | 0.368128 | -4.267164 | 0.0000 |
| TCITRL? | -0.095102 | 0.030118 | -3.157610 | 0.0018 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.001227 | | | |
| _BG--C | -0.038966 | | | |
| _CZ--C | 0.007086 | | | |
| _DK--C | 0.009846 | | | |
| _DE--C | 0.018457 | | | |
| _EE--C | 0.015353 | | | |
| _IE--C | 0.036786 | | | |
| _EL--C | -0.001530 | | | |
| _ES--C | -0.009039 | | | |
| _FR--C | 0.001150 | | | |
| _IT--C | -0.017718 | | | |
| _CY--C | -0.002719 | | | |
| _LV--C | 0.003889 | | | |
| _LT--C | 0.005154 | | | |
| _LU--C | 0.048484 | | | |
| _HU--C | -0.027459 | | | |
| _MT--C | -0.037182 | | | |
| _NL--C | 0.011930 | | | |
| _AT--C | 0.011644 | | | |
| _PL--C | -0.001197 | | | |
| _PT--C | -0.042118 | | | |
| _RO--C | -0.038155 | | | |

| | |
|---|---|
| _SL--C | 0.003921 |
| _SK--C | 0.008434 |
| _FI--C | 0.013426 |
| _SE--C | 0.013631 |
| _UK--C | 0.005664 |
| Fixed Effects (Period) | |
| 1996--C | -0.015137 |
| 1997--C | -0.002754 |
| 1998--C | -0.001691 |
| 1999--C | -0.006728 |
| 2000--C | 0.008196 |
| 2001--C | -0.006382 |
| 2002--C | -0.008407 |
| 2003--C | -0.006934 |
| 2004--C | 0.005233 |
| 2005--C | 0.005054 |
| 2006--C | 0.015114 |
| 2007--C | 0.014437 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.564917 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.499887 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.019292 | Akaike info criterion | -4.935185 |
| Sum squared resid | 0.104585 | Schwarz criterion | -4.433420 |
| Log likelihood | 842.5000 | F-statistic | 8.686991 |
| Durbin-Watson stat | 1.235293 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:45
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.200319 | 0.066425 | 3.015725 | 0.0028 |
| ILPPSRGDPPCL? | -0.017398 | 0.020329 | -0.855832 | 0.3928 |
| GFIL? | 0.001957 | 0.059112 | 0.033100 | 0.9736 |
| STEAL? | -0.090898 | 0.051356 | -1.769979 | 0.0778 |
| LDPL? | -1.676364 | 0.364420 | -4.600088 | 0.0000 |
| TPITRL? | -0.121597 | 0.033763 | -3.601513 | 0.0004 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.004734 | | | |
| _BG--C | -0.034748 | | | |
| _CZ--C | 0.001756 | | | |
| _DK--C | 0.029129 | | | |
| _DE--C | 0.009660 | | | |
| _EE--C | 0.010174 | | | |
| _IE--C | 0.038661 | | | |
| _EL--C | -0.011134 | | | |
| _ES--C | -0.011052 | | | |
| _FR--C | 0.004794 | | | |
| _IT--C | -0.033508 | | | |
| _CY--C | -0.004520 | | | |
| _LV--C | 0.003049 | | | |
| _LT--C | 0.010547 | | | |
| _LU--C | 0.030013 | | | |
| _HU--C | -0.013726 | | | |
| _MT--C | -0.058975 | | | |
| _NL--C | 0.017065 | | | |
| _AT--C | 0.013603 | | | |
| _PL--C | 0.006010 | | | |
| _PT--C | -0.055781 | | | |
| _RO--C | -0.032608 | | | |

| | |
|---|---|
| _SL--C | 0.019434 |
| _SK--C | 0.009038 |
| _FI--C | 0.026825 |
| _SE--C | 0.027037 |
| _UK--C | -0.005480 |
| Fixed Effects (Period) | |
| 1996--C | -0.013908 |
| 1997--C | -0.001903 |
| 1998--C | -0.001785 |
| 1999--C | -0.006537 |
| 2000--C | 0.008104 |
| 2001--C | -0.005981 |
| 2002--C | -0.008649 |
| 2003--C | -0.007151 |
| 2004--C | 0.004995 |
| 2005--C | 0.004840 |
| 2006--C | 0.014646 |
| 2007--C | 0.013331 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.569358 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.504991 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.019194 | Akaike info criterion | -4.945444 |
| Sum squared resid | 0.103518 | Schwarz criterion | -4.443679 |
| Log likelihood | 844.1619 | F-statistic | 8.845558 |
| Durbin-Watson stat | 1.250911 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:47
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.212035 | 0.081393 | 2.605060 | 0.0097 |
| ILPPSRGDPPCL? | -0.019807 | 0.022773 | -0.869768 | 0.3852 |
| GFIL? | -0.008600 | 0.061987 | -0.138734 | 0.8898 |
| STEAL? | -0.103263 | 0.057589 | -1.793106 | 0.0741 |
| LDPL? | -1.562305 | 0.369151 | -4.232160 | 0.0000 |
| TCITRL? | -0.057121 | 0.033246 | -1.718120 | 0.0870 |
| TPITRL? | -0.089014 | 0.039284 | -2.265880 | 0.0243 |
| TEL? | 0.019164 | 0.069695 | 0.274970 | 0.7836 |
| NLL? | 0.095706 | 0.088023 | 1.087292 | 0.2779 |
| FDIIL? | 0.030349 | 0.022201 | 1.367050 | 0.1728 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.004429 | | | |
| _BG--C | -0.035074 | | | |
| _CZ--C | 0.011681 | | | |
| _DK--C | 0.021090 | | | |
| _DE--C | 0.020681 | | | |
| _EE--C | 0.014730 | | | |
| _IE--C | 0.031405 | | | |
| _EL--C | -0.004307 | | | |
| _ES--C | -0.012292 | | | |
| _FR--C | 0.004485 | | | |
| _IT--C | -0.027315 | | | |
| _CY--C | -0.007119 | | | |
| _LV--C | 0.006900 | | | |
| _LT--C | 0.014467 | | | |
| _LU--C | 0.014473 | | | |
| _HU--C | -0.016224 | | | |
| _MT--C | -0.056945 | | | |
| _NL--C | 0.014780 | | | |

| | |
|---|---|
| _AT--C | 0.015092 |
| _PL--C | 0.009944 |
| _PT--C | -0.054355 |
| _RO--C | -0.029207 |
| _SL--C | 0.017604 |
| _SK--C | 0.016404 |
| _FI--C | 0.018470 |
| _SE--C | 0.019212 |
| _UK--C | -0.003086 |
| Fixed Effects (Period) | |
| 1996--C | -0.010149 |
| 1997--C | -0.000310 |
| 1998--C | -0.000336 |
| 1999--C | -0.008078 |
| 2000--C | 0.006479 |
| 2001--C | -0.007187 |
| 2002--C | -0.009180 |
| 2003--C | -0.006657 |
| 2004--C | 0.005559 |
| 2005--C | 0.004972 |
| 2006--C | 0.013802 |
| 2007--C | 0.011086 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.588245 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.516227 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.019140 | Akaike info criterion | -4.935286 |
| Sum squared resid | 0.096345 | Schwarz criterion | -4.368773 |
| Log likelihood | 811.9693 | F-statistic | 8.168029 |
| Durbin-Watson stat | 1.289024 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:49
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.208941 | 0.082017 | 2.547545 | 0.0114 |
| ILPPSRGDPPCL? | -0.028319 | 0.022636 | -1.251042 | 0.2120 |
| GFIL? | 0.009292 | 0.061962 | 0.149966 | 0.8809 |
| STEAL? | -0.096766 | 0.057966 | -1.669353 | 0.0962 |
| LDPL? | -1.526123 | 0.371682 | -4.105994 | 0.0001 |
| TCITRL? | -0.088449 | 0.030471 | -2.902761 | 0.0040 |
| TEL? | -0.004569 | 0.069440 | -0.065799 | 0.9476 |
| NLL? | 0.105018 | 0.088612 | 1.185133 | 0.2370 |
| FDIIL? | 0.033056 | 0.022341 | 1.479611 | 0.1402 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008529 | | | |
| _BG--C | -0.037536 | | | |
| _CZ--C | 0.016253 | | | |
| _DK--C | 0.008999 | | | |
| _DE--C | 0.022016 | | | |
| _EE--C | 0.019927 | | | |
| _IE--C | 0.029504 | | | |
| _EL--C | 0.000347 | | | |
| _ES--C | -0.014771 | | | |
| _FR--C | 0.000930 | | | |
| _IT--C | -0.020760 | | | |
| _CY--C | -0.003589 | | | |
| _LV--C | 0.010838 | | | |
| _LT--C | 0.013673 | | | |
| _LU--C | 0.025438 | | | |
| _HU--C | -0.019386 | | | |
| _MT--C | -0.045166 | | | |
| _NL--C | 0.009575 | | | |
| _AT--C | 0.014842 | | | |

| | |
|---|---|
| _PL--C | 0.006806 |
| _PT--C | -0.047800 |
| _RO--C | -0.033192 |
| _SL--C | 0.009469 |
| _SK--C | 0.018016 |
| _FI--C | 0.011203 |
| _SE--C | 0.013242 |
| _UK--C | 0.003490 |
| Fixed Effects (Period) | |
| 1996--C | -0.011585 |
| 1997--C | -0.001883 |
| 1998--C | -0.001493 |
| 1999--C | -0.009356 |
| 2000--C | 0.005675 |
| 2001--C | -0.008186 |
| 2002--C | -0.009305 |
| 2003--C | -0.006163 |
| 2004--C | 0.006619 |
| 2005--C | 0.006354 |
| 2006--C | 0.015883 |
| 2007--C | 0.013439 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.580207 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.508651 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.019289 | Akaike info criterion | -4.922404 |
| Sum squared resid | 0.098226 | Schwarz criterion | -4.367945 |
| Log likelihood | 808.9726 | F-statistic | 8.108469 |
| Durbin-Watson stat | 1.289793 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:53
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.196054 | 0.081159 | 2.415691 | 0.0164 |
| ILPPSRGDPPCL? | -0.013528 | 0.022561 | -0.599634 | 0.5493 |
| GFIL? | -0.017054 | 0.062020 | -0.274979 | 0.7835 |
| STEAL? | -0.109555 | 0.057684 | -1.899221 | 0.0586 |
| LDPL? | -1.632389 | 0.368244 | -4.432900 | 0.0000 |
| TPITRL? | -0.117083 | 0.035858 | -3.265183 | 0.0012 |
| TEL? | 0.017091 | 0.069941 | 0.244366 | 0.8071 |
| NLL? | 0.083075 | 0.088039 | 0.943619 | 0.3462 |
| FDIIL? | 0.031711 | 0.022268 | 1.424027 | 0.1556 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008084 | | | |
| _BG--C | -0.031142 | | | |
| _CZ--C | 0.010246 | | | |
| _DK--C | 0.024836 | | | |
| _DE--C | 0.011919 | | | |
| _EE--C | 0.017354 | | | |
| _IE--C | 0.033461 | | | |
| _EL--C | -0.009591 | | | |
| _ES--C | -0.015331 | | | |
| _FR--C | 0.001968 | | | |
| _IT--C | -0.037021 | | | |
| _CY--C | -0.004822 | | | |
| _LV--C | 0.012157 | | | |
| _LT--C | 0.020299 | | | |
| _LU--C | 0.005212 | | | |
| _HU--C | -0.008499 | | | |
| _MT--C | -0.065344 | | | |
| _NL--C | 0.013371 | | | |
| _AT--C | 0.013961 | | | |

| | |
|---|---|
| _PL--C | 0.013487 |
| _PT--C | -0.060242 |
| _RO--C | -0.024932 |
| _SL--C | 0.023371 |
| _SK--C | 0.017860 |
| _FI--C | 0.022415 |
| _SE--C | 0.022766 |
| _UK--C | -0.007080 |
| Fixed Effects (Period) | |
| 1996--C | -0.011347 |
| 1997--C | -0.001542 |
| 1998--C | -0.001758 |
| 1999--C | -0.009018 |
| 2000--C | 0.005642 |
| 2001--C | -0.007255 |
| 2002--C | -0.009110 |
| 2003--C | -0.006278 |
| 2004--C | 0.006278 |
| 2005--C | 0.006195 |
| 2006--C | 0.015517 |
| 2007--C | 0.012676 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.583623 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.512650 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.019210 | Akaike info criterion | -4.930576 |
| Sum squared resid | 0.097427 | Schwarz criterion | -4.376117 |
| Log likelihood | 810.2392 | F-statistic | 8.223142 |
| Durbin-Watson stat | 1.287525 | Prob(F-statistic) | 0.000000 |

### C.7.4 Lagged Tax Structure Variables

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:15
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.155190 | 0.075204 | 2.063591 | 0.0400 |
| ILPPSRGDPPCL? | -0.018450 | 0.021238 | -0.868741 | 0.3857 |
| GFIL? | -0.002374 | 0.059028 | -0.040216 | 0.9679 |
| STEAL? | -0.051125 | 0.050827 | -1.005869 | 0.3154 |
| LDPL? | -1.529091 | 0.354851 | -4.309111 | 0.0000 |
| TTL? | -0.242252 | 0.091885 | -2.636465 | 0.0088 |
| CTL? | 0.544880 | 0.096817 | 5.627947 | 0.0000 |
| KTL? | -0.105957 | 0.148712 | -0.712496 | 0.4768 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.017656 | | | |
| _BG--C | -0.050019 | | | |
| _CZ--C | 0.007932 | | | |
| _DK--C | 0.008780 | | | |
| _DE--C | 0.008919 | | | |
| _EE--C | 0.009398 | | | |
| _IE--C | 0.028538 | | | |
| _EL--C | -0.014685 | | | |
| _ES--C | 0.000165 | | | |
| _FR--C | 0.011838 | | | |
| _IT--C | -0.005598 | | | |
| _CY--C | -0.007717 | | | |
| _LV--C | 0.003378 | | | |
| _LT--C | -0.002045 | | | |
| _LU--C | 0.049952 | | | |
| _HU--C | -0.026995 | | | |
| _MT--C | -0.050736 | | | |
| _NL--C | 0.009171 | | | |
| _AT--C | 0.016969 | | | |

| | |
|---|---|
| _PL--C | -0.003118 |
| _PT--C | -0.049157 |
| _RO--C | -0.024960 |
| _SL--C | -0.002613 |
| _SK--C | 0.006725 |
| _FI--C | 0.022223 |
| _SE--C | 0.033622 |
| _UK--C | 0.002377 |
| Fixed Effects (Period) | |
| 1996--C | -0.015497 |
| 1997--C | -0.003076 |
| 1998--C | -0.001443 |
| 1999--C | -0.005502 |
| 2000--C | 0.007349 |
| 2001--C | -0.006027 |
| 2002--C | -0.007997 |
| 2003--C | -0.007054 |
| 2004--C | 0.004503 |
| 2005--C | 0.004165 |
| 2006--C | 0.015194 |
| 2007--C | 0.015386 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.597484 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.534005 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.018623 | Akaike info criterion | -5.000642 |
| Sum squared resid | 0.096757 | Schwarz criterion | -4.475539 |
| Log likelihood | 855.1041 | F-statistic | 9.412288 |
| Durbin-Watson stat | 1.366140 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:17
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.137198 | 0.076978 | 1.782297 | 0.0758 |
| ILPPSRGDPPCL? | -0.014191 | 0.021709 | -0.653706 | 0.5138 |
| GFIL? | 0.027367 | 0.059615 | 0.459064 | 0.6465 |
| STEAL? | -0.076438 | 0.051488 | -1.484569 | 0.1388 |
| LDPL? | -1.494422 | 0.361355 | -4.135608 | 0.0000 |
| TTL? | -0.235795 | 0.093951 | -2.509754 | 0.0126 |
| KTL? | -0.100216 | 0.152271 | -0.658147 | 0.5110 |
| LTL? | 0.450159 | 0.094871 | 4.744958 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021122 | | | |
| _BG--C | -0.012702 | | | |
| _CZ--C | 0.000547 | | | |
| _DK--C | -0.007807 | | | |
| _DE--C | -0.024348 | | | |
| _EE--C | 0.017044 | | | |
| _IE--C | 0.050885 | | | |
| _EL--C | 0.007732 | | | |
| _ES--C | -0.015241 | | | |
| _FR--C | -0.013740 | | | |
| _IT--C | -0.031440 | | | |
| _CY--C | 0.022154 | | | |
| _LV--C | 0.019408 | | | |
| _LT--C | 0.016067 | | | |
| _LU--C | 0.045123 | | | |
| _HU--C | -0.014647 | | | |
| _MT--C | -0.029280 | | | |
| _NL--C | -0.004681 | | | |
| _AT--C | -0.011135 | | | |
| _PL--C | 0.016252 | | | |

| | |
|---|---|
| _PT--C | -0.033062 |
| _RO--C | 0.000217 |
| _SL--C | -0.003538 |
| _SK--C | 0.023707 |
| _FI--C | 0.005307 |
| _SE--C | -0.017996 |
| _UK--C | 0.016296 |
| Fixed Effects (Period) | |
| 1996--C | -0.016995 |
| 1997--C | -0.004930 |
| 1998--C | -0.003529 |
| 1999--C | -0.007346 |
| 2000--C | 0.006436 |
| 2001--C | -0.007135 |
| 2002--C | -0.010040 |
| 2003--C | -0.007765 |
| 2004--C | 0.005147 |
| 2005--C | 0.007032 |
| 2006--C | 0.019578 |
| 2007--C | 0.019548 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.585257 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.519850 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.018903 | Akaike info criterion | -4.970717 |
| Sum squared resid | 0.099696 | Schwarz criterion | -4.445614 |
| Log likelihood | 850.2562 | F-statistic | 8.947858 |
| Durbin-Watson stat | 1.307210 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:19
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.151156 | 0.074867 | 2.019001 | 0.0444 |
| ILPPSRGDPPCL? | -0.016217 | 0.021284 | -0.761943 | 0.4467 |
| GFIL? | 0.004162 | 0.059043 | 0.070497 | 0.9438 |
| STEAL? | -0.056624 | 0.050909 | -1.112277 | 0.2670 |
| LDPL? | -1.489506 | 0.355192 | -4.193524 | 0.0000 |
| TTL? | -0.296833 | 0.084902 | -3.496196 | 0.0005 |
| CTL? | 0.410929 | 0.128570 | 3.196150 | 0.0016 |
| LTL? | 0.163404 | 0.123042 | 1.328034 | 0.1853 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.006099 | | | |
| _BG--C | -0.037937 | | | |
| _CZ--C | 0.005453 | | | |
| _DK--C | 0.006207 | | | |
| _DE--C | -0.000148 | | | |
| _EE--C | 0.014213 | | | |
| _IE--C | 0.032314 | | | |
| _EL--C | -0.010070 | | | |
| _ES--C | -0.006600 | | | |
| _FR--C | 0.003497 | | | |
| _IT--C | -0.014758 | | | |
| _CY--C | -0.002128 | | | |
| _LV--C | 0.009916 | | | |
| _LT--C | 0.004885 | | | |
| _LU--C | 0.043491 | | | |
| _HU--C | -0.020476 | | | |
| _MT--C | -0.045220 | | | |
| _NL--C | 0.004739 | | | |
| _AT--C | 0.009617 | | | |
| _PL--C | 0.001778 | | | |

| | |
|---|---|
| _PT--C | -0.045226 |
| _RO--C | -0.013564 |
| _SL--C | -0.000118 |
| _SK--C | 0.011004 |
| _FI--C | 0.018293 |
| _SE--C | 0.021402 |
| _UK--C | 0.003335 |
| Fixed Effects (Period) | |
| 1996--C | -0.015041 |
| 1997--C | -0.002881 |
| 1998--C | -0.001486 |
| 1999--C | -0.005505 |
| 2000--C | 0.007024 |
| 2001--C | -0.006584 |
| 2002--C | -0.008836 |
| 2003--C | -0.007536 |
| 2004--C | 0.004422 |
| 2005--C | 0.004612 |
| 2006--C | 0.015960 |
| 2007--C | 0.015852 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.599285 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.536090 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.018581 | Akaike info criterion | -5.005126 |
| Sum squared resid | 0.096324 | Schwarz criterion | -4.480023 |
| Log likelihood | 855.8304 | F-statistic | 9.483078 |
| Durbin-Watson stat | 1.367292 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:20
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.157787 | 0.077597 | 2.033417 | 0.0430 |
| ILPPSRGDPPCL? | -0.013696 | 0.021640 | -0.632905 | 0.5273 |
| GFIL? | -0.025925 | 0.059517 | -0.435593 | 0.6635 |
| STEAL? | -0.060922 | 0.056312 | -1.081863 | 0.2803 |
| LDPL? | -1.486377 | 0.354391 | -4.194172 | 0.0000 |
| TTL? | -0.240830 | 0.091955 | -2.619000 | 0.0093 |
| CTL? | 0.555415 | 0.097684 | 5.685860 | 0.0000 |
| KTL? | -0.182467 | 0.152400 | -1.197291 | 0.2323 |
| NLL? | 0.135030 | 0.056535 | 2.388422 | 0.0176 |
| FDIIL? | 0.020633 | 0.021729 | 0.949598 | 0.3432 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.012104 | | | |
| _BG--C | -0.048279 | | | |
| _CZ--C | 0.016480 | | | |
| _DK--C | 0.004015 | | | |
| _DE--C | 0.010409 | | | |
| _EE--C | 0.009797 | | | |
| _IE--C | 0.022063 | | | |
| _EL--C | -0.008931 | | | |
| _ES--C | -0.000388 | | | |
| _FR--C | 0.013766 | | | |
| _IT--C | -0.002797 | | | |
| _CY--C | -0.006422 | | | |
| _LV--C | 0.007233 | | | |
| _LT--C | 0.002863 | | | |
| _LU--C | 0.031104 | | | |
| _HU--C | -0.020090 | | | |
| _MT--C | -0.051058 | | | |
| _NL--C | 0.006627 | | | |

| | |
|---|---|
| _AT--C | 0.018122 |
| _PL--C | 0.005458 |
| _PT--C | -0.048364 |
| _RO--C | -0.019881 |
| _SL--C | -0.000958 |
| _SK--C | 0.017731 |
| _FI--C | 0.017481 |
| _SE--C | 0.029525 |
| _UK--C | 0.002440 |
| Fixed Effects (Period) | |
| 1996--C | -0.010594 |
| 1997--C | -0.001292 |
| 1998--C | -0.000685 |
| 1999--C | -0.007665 |
| 2000--C | 0.005526 |
| 2001--C | -0.007203 |
| 2002--C | -0.009020 |
| 2003--C | -0.006662 |
| 2004--C | 0.005142 |
| 2005--C | 0.004255 |
| 2006--C | 0.014656 |
| 2007--C | 0.013541 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.616244 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.549123 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.018478 | Akaike info criterion | -5.005708 |
| Sum squared resid | 0.089794 | Schwarz criterion | -4.439195 |
| Log likelihood | 822.8847 | F-statistic | 9.181118 |
| Durbin-Watson stat | 1.438284 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:31
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.139704 | 0.078037 | 1.790231 | 0.0746 |
| ILPPSRGDPPCL? | -0.006292 | 0.021828 | -0.288270 | 0.7734 |
| GFIL? | -0.000915 | 0.059125 | -0.015483 | 0.9877 |
| STEAL? | -0.098277 | 0.056009 | -1.754661 | 0.0805 |
| LDPL? | -1.383628 | 0.356001 | -3.886580 | 0.0001 |
| TTL? | -0.262869 | 0.092944 | -2.828256 | 0.0050 |
| KTL? | -0.223182 | 0.154431 | -1.445183 | 0.1496 |
| LTL? | 0.548622 | 0.096223 | 5.701579 | 0.0000 |
| NLL? | 0.193945 | 0.058131 | 3.336336 | 0.0010 |
| FDIIL? | 0.030806 | 0.021545 | 1.429802 | 0.1540 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.035246 | | | |
| _BG--C | -0.006935 | | | |
| _CZ--C | 0.011097 | | | |
| _DK--C | -0.020196 | | | |
| _DE--C | -0.028482 | | | |
| _EE--C | 0.016285 | | | |
| _IE--C | 0.042440 | | | |
| _EL--C | 0.017385 | | | |
| _ES--C | -0.020209 | | | |
| _FR--C | -0.015895 | | | |
| _IT--C | -0.032042 | | | |
| _CY--C | 0.026700 | | | |
| _LV--C | 0.025601 | | | |
| _LT--C | 0.023853 | | | |
| _LU--C | 0.021699 | | | |
| _HU--C | -0.006589 | | | |
| _MT--C | -0.030866 | | | |
| _NL--C | -0.012411 | | | |

| | |
|---|---|
| _AT--C | -0.015561 |
| _PL--C | 0.030585 |
| _PT--C | -0.033257 |
| _RO--C | 0.013067 |
| _SL--C | -0.005017 |
| _SK--C | 0.041170 |
| _FI--C | -0.006072 |
| _SE--C | -0.033840 |
| _UK--C | 0.017805 |
| Fixed Effects (Period) | |
| 1996--C | -0.010425 |
| 1997--C | -0.002268 |
| 1998--C | -0.002454 |
| 1999--C | -0.009674 |
| 2000--C | 0.003927 |
| 2001--C | -0.009681 |
| 2002--C | -0.011594 |
| 2003--C | -0.007527 |
| 2004--C | 0.005839 |
| 2005--C | 0.007298 |
| 2006--C | 0.019198 |
| 2007--C | 0.017361 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.616477 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.549396 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.018472 | Akaike info criterion | -5.006313 |
| Sum squared resid | 0.089740 | Schwarz criterion | -4.439801 |
| Log likelihood | 822.9786 | F-statistic | 9.190148 |
| Durbin-Watson stat | 1.444580 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:29
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.158417 | 0.076300 | 2.076248 | 0.0388 |
| ILPPSRGDPPCL? | -0.010254 | 0.021546 | -0.475902 | 0.6345 |
| GFIL? | -0.014809 | 0.059099 | -0.250588 | 0.8023 |
| STEAL? | -0.078288 | 0.056254 | -1.391678 | 0.1652 |
| LDPL? | -1.401003 | 0.353581 | -3.962325 | 0.0001 |
| TTL? | -0.336694 | 0.085784 | -3.924915 | 0.0001 |
| CTL? | 0.313660 | 0.130538 | 2.402824 | 0.0170 |
| LTL? | 0.291358 | 0.126895 | 2.296064 | 0.0225 |
| NLL? | 0.159225 | 0.057473 | 2.770422 | 0.0060 |
| FDIIL? | 0.028407 | 0.021382 | 1.328559 | 0.1851 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.010505 | | | |
| _BG--C | -0.028315 | | | |
| _CZ--C | 0.013345 | | | |
| _DK--C | -0.000918 | | | |
| _DE--C | -0.004865 | | | |
| _EE--C | 0.017848 | | | |
| _IE--C | 0.026470 | | | |
| _EL--C | -0.001333 | | | |
| _ES--C | -0.015161 | | | |
| _FR--C | -0.001609 | | | |
| _IT--C | -0.020657 | | | |
| _CY--C | 0.002553 | | | |
| _LV--C | 0.018716 | | | |
| _LT--C | 0.015683 | | | |
| _LU--C | 0.017899 | | | |
| _HU--C | -0.008287 | | | |
| _MT--C | -0.045120 | | | |
| _NL--C | -0.002135 | | | |

| | |
|---|---|
| _AT--C | 0.005384 |
| _PL--C | 0.014852 |
| _PT--C | -0.044737 |
| _RO--C | -0.000616 |
| _SL--C | 0.003621 |
| _SK--C | 0.026347 |
| _FI--C | 0.009483 |
| _SE--C | 0.007228 |
| _UK--C | 0.003493 |
| Fixed Effects (Period) | |
| 1996--C | -0.009356 |
| 1997--C | -0.000788 |
| 1998--C | -0.000839 |
| 1999--C | -0.007920 |
| 2000--C | 0.004524 |
| 2001--C | -0.008915 |
| 2002--C | -0.010595 |
| 2003--C | -0.007384 |
| 2004--C | 0.005309 |
| 2005--C | 0.005401 |
| 2006--C | 0.016290 |
| 2007--C | 0.014273 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.621735 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.555574 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.018345 | Akaike info criterion | -5.020119 |
| Sum squared resid | 0.088509 | Schwarz criterion | -4.453606 |
| Log likelihood | 825.1184 | F-statistic | 9.397378 |
| Durbin-Watson stat | 1.467337 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:34
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.154952 | 0.075463 | 2.053354 | 0.0410 |
| ILPPSRGDPPCL? | -0.041284 | 0.022386 | -1.844201 | 0.0662 |
| GFIL? | 0.046584 | 0.059563 | 0.782094 | 0.4348 |
| STEAL? | -0.014676 | 0.052071 | -0.281838 | 0.7783 |
| LDPL? | -1.554389 | 0.356474 | -4.360455 | 0.0000 |
| TTL? | -0.100778 | 0.081710 | -1.233354 | 0.2185 |
| ETL? | 1.560974 | 0.278196 | 5.611061 | 0.0000 |
| PTL? | -0.561782 | 0.635750 | -0.883653 | 0.3776 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.025725 | | | |
| _BG--C | -0.053239 | | | |
| _CZ--C | -0.011655 | | | |
| _DK--C | -0.008634 | | | |
| _DE--C | 0.004370 | | | |
| _EE--C | 0.005847 | | | |
| _IE--C | 0.044071 | | | |
| _EL--C | 0.000747 | | | |
| _ES--C | 0.017453 | | | |
| _FR--C | 0.022685 | | | |
| _IT--C | -0.009491 | | | |
| _CY--C | -0.002732 | | | |
| _LV--C | -0.007315 | | | |
| _LT--C | -0.011065 | | | |
| _LU--C | 0.061603 | | | |
| _HU--C | -0.027154 | | | |
| _MT--C | -0.031032 | | | |
| _NL--C | 0.001452 | | | |
| _AT--C | 0.014954 | | | |
| _PL--C | -0.008434 | | | |

| | |
|---|---|
| _PT--C | -0.031197 |
| _RO--C | -0.044623 |
| _SL--C | -0.014351 |
| _SK--C | -0.004915 |
| _FI--C | 0.016301 |
| _SE--C | 0.025469 |
| _UK--C | 0.025158 |
| Fixed Effects (Period) | |
| 1996--C | -0.015769 |
| 1997--C | -0.004097 |
| 1998--C | -0.003343 |
| 1999--C | -0.009926 |
| 2000--C | 0.003460 |
| 2001--C | -0.006875 |
| 2002--C | -0.007953 |
| 2003--C | -0.005697 |
| 2004--C | 0.005849 |
| 2005--C | 0.005986 |
| 2006--C | 0.018621 |
| 2007--C | 0.019744 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.596638 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.533026 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.018642 | Akaike info criterion | -4.998543 |
| Sum squared resid | 0.096960 | Schwarz criterion | -4.473439 |
| Log likelihood | 854.7639 | F-statistic | 9.379246 |
| Durbin-Watson stat | 1.412740 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:36
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (balanced) observations: 324

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.168709 | 0.077355 | 2.180977 | 0.0300 |
| ILPPSRGDPPCL? | -0.043482 | 0.022559 | -1.927436 | 0.0549 |
| GFIL? | 0.043711 | 0.059701 | 0.732163 | 0.4647 |
| STEAL? | -0.020501 | 0.052586 | -0.389864 | 0.6969 |
| LDPL? | -1.593684 | 0.359900 | -4.428133 | 0.0000 |
| TTL? | -0.106951 | 0.082106 | -1.302602 | 0.1938 |
| ETL? | 1.605837 | 0.283703 | 5.660275 | 0.0000 |
| RTIPL? | -1.231908 | 1.036653 | -1.188351 | 0.2357 |
| OPTL? | -0.182816 | 0.786717 | -0.232378 | 0.8164 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.027240 | | | |
| _BG--C | -0.057923 | | | |
| _CZ--C | -0.012522 | | | |
| _DK--C | -0.001509 | | | |
| _DE--C | 0.006181 | | | |
| _EE--C | 0.006001 | | | |
| _IE--C | 0.046940 | | | |
| _EL--C | -0.006695 | | | |
| _ES--C | 0.013041 | | | |
| _FR--C | 0.026675 | | | |
| _IT--C | -0.011385 | | | |
| _CY--C | -0.003848 | | | |
| _LV--C | -0.004873 | | | |
| _LT--C | -0.012401 | | | |
| _LU--C | 0.056951 | | | |
| _HU--C | -0.030485 | | | |
| _MT--C | -0.040546 | | | |
| _NL--C | 4.37E-06 | | | |
| _AT--C | 0.015386 | | | |

| | |
|---|---|
| _PL--C | -0.002919 |
| _PT--C | -0.035972 |
| _RO--C | -0.047132 |
| _SL--C | -0.014029 |
| _SK--C | -0.004001 |
| _FI--C | 0.016098 |
| _SE--C | 0.030324 |
| _UK--C | 0.041397 |
| Fixed Effects (Period) | |
| 1996--C | -0.016539 |
| 1997--C | -0.004634 |
| 1998--C | -0.003932 |
| 1999--C | -0.010415 |
| 2000--C | 0.002953 |
| 2001--C | -0.007076 |
| 2002--C | -0.007763 |
| 2003--C | -0.005211 |
| 2004--C | 0.006478 |
| 2005--C | 0.006453 |
| 2006--C | 0.019185 |
| 2007--C | 0.020502 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.597608 | Mean dependent var | 0.034963 |
| Adjusted R-squared | 0.532473 | S.D. dependent var | 0.027280 |
| S.E. of regression | 0.018653 | Akaike info criterion | -4.994778 |
| Sum squared resid | 0.096727 | Schwarz criterion | -4.458006 |
| Log likelihood | 855.1540 | F-statistic | 9.174874 |
| Durbin-Watson stat | 1.421092 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:42
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.170970 | 0.077147 | 2.216153 | 0.0275 |
| ILPPSRGDPPCL? | -0.042039 | 0.022560 | -1.863400 | 0.0635 |
| GFIL? | 0.031077 | 0.059718 | 0.520395 | 0.6032 |
| STEAL? | -0.024826 | 0.057662 | -0.430544 | 0.6672 |
| LDPL? | -1.485876 | 0.355485 | -4.179852 | 0.0000 |
| TTL? | -0.101303 | 0.082111 | -1.233735 | 0.2184 |
| ETL? | 1.581622 | 0.277939 | 5.690529 | 0.0000 |
| PTL? | -0.922084 | 0.652407 | -1.413357 | 0.1587 |
| NLL? | 0.127694 | 0.056186 | 2.272716 | 0.0239 |
| FDIIL? | 0.029102 | 0.021411 | 1.359190 | 0.1753 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.026190 | | | |
| _BG--C | -0.057871 | | | |
| _CZ--C | -0.006425 | | | |
| _DK--C | -0.006708 | | | |
| _DE--C | 0.008373 | | | |
| _EE--C | 0.003323 | | | |
| _IE--C | 0.036927 | | | |
| _EL--C | 0.006910 | | | |
| _ES--C | 0.020363 | | | |
| _FR--C | 0.029157 | | | |
| _IT--C | -0.004314 | | | |
| _CY--C | -0.003004 | | | |
| _LV--C | -0.005977 | | | |
| _LT--C | -0.008439 | | | |
| _LU--C | 0.043971 | | | |
| _HU--C | -0.022062 | | | |
| _MT--C | -0.032185 | | | |
| _NL--C | 0.003403 | | | |

| | |
|---|---|
| _AT--C | 0.016726 |
| _PL--C | -0.002719 |
| _PT--C | -0.030944 |
| _RO--C | -0.044811 |
| _SL--C | -0.012031 |
| _SK--C | 0.000344 |
| _FI--C | 0.013144 |
| _SE--C | 0.026180 |
| _UK--C | 0.035525 |
| Fixed Effects (Period) | |
| 1996--C | -0.011900 |
| 1997--C | -0.002966 |
| 1998--C | -0.003061 |
| 1999--C | -0.012752 |
| 2000--C | 0.000816 |
| 2001--C | -0.008601 |
| 2002--C | -0.008840 |
| 2003--C | -0.004885 |
| 2004--C | 0.007167 |
| 2005--C | 0.007177 |
| 2006--C | 0.019200 |
| 2007--C | 0.018643 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.616275 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.549160 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.018477 | Akaike info criterion | -5.005789 |
| Sum squared resid | 0.089787 | Schwarz criterion | -4.439277 |
| Log likelihood | 822.8973 | F-statistic | 9.182335 |
| Durbin-Watson stat | 1.502648 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 20:45
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 310

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.175914 | 0.079434 | 2.214578 | 0.0276 |
| ILPPSRGDPPCL? | -0.042845 | 0.022797 | -1.879363 | 0.0613 |
| GFIL? | 0.030301 | 0.059892 | 0.505922 | 0.6133 |
| STEAL? | -0.027212 | 0.058439 | -0.465640 | 0.6419 |
| LDPL? | -1.499157 | 0.359513 | -4.169963 | 0.0000 |
| TTL? | -0.103259 | 0.082576 | -1.250474 | 0.2122 |
| ETL? | 1.595198 | 0.282959 | 5.637562 | 0.0000 |
| RTIPL? | -1.140081 | 1.040461 | -1.095746 | 0.2742 |
| OPTL? | -0.786570 | 0.824866 | -0.953574 | 0.3412 |
| NLL? | 0.125506 | 0.056869 | 2.206935 | 0.0282 |
| FDIIL? | 0.028857 | 0.021469 | 1.344159 | 0.1801 |
| Fixed Effects (Cross) | | | | |
| _BE--C | 0.026389 | | | |
| _BG--C | -0.059415 | | | |
| _CZ--C | -0.006674 | | | |
| _DK--C | -0.004229 | | | |
| _DE--C | 0.009047 | | | |
| _EE--C | 0.003512 | | | |
| _IE--C | 0.037995 | | | |
| _EL--C | 0.004223 | | | |
| _ES--C | 0.018662 | | | |
| _FR--C | 0.030365 | | | |
| _IT--C | -0.005151 | | | |
| _CY--C | -0.003397 | | | |
| _LV--C | -0.005117 | | | |
| _LT--C | -0.008845 | | | |
| _LU--C | 0.042690 | | | |
| _HU--C | -0.023264 | | | |
| _MT--C | -0.035654 | | | |

| | |
|---|---|
| _NL--C | 0.002920 |
| _AT--C | 0.016946 |
| _PL--C | -0.000916 |
| _PT--C | -0.032800 |
| _RO--C | -0.045692 |
| _SL--C | -0.011876 |
| _SK--C | 0.000638 |
| _FI--C | 0.013195 |
| _SE--C | 0.027881 |
| _UK--C | 0.040790 |
| Fixed Effects (Period) | |
| 1996--C | -0.012272 |
| 1997--C | -0.003221 |
| 1998--C | -0.003300 |
| 1999--C | -0.012925 |
| 2000--C | 0.000660 |
| 2001--C | -0.008621 |
| 2002--C | -0.008747 |
| 2003--C | -0.004713 |
| 2004--C | 0.007389 |
| 2005--C | 0.007358 |
| 2006--C | 0.019430 |
| 2007--C | 0.018962 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.616382 | Mean dependent var | 0.035190 |
| Adjusted R-squared | 0.547565 | S.D. dependent var | 0.027518 |
| S.E. of regression | 0.018510 | Akaike info criterion | -4.999614 |
| Sum squared resid | 0.089762 | Schwarz criterion | -4.421048 |
| Log likelihood | 822.9402 | F-statistic | 8.956815 |
| Durbin-Watson stat | 1.503290 | Prob(F-statistic) | 0.000000 |

## C.8 Annual Data Panel Regressions with the Potential Real GDP per Capita Growth Rate as the Dependent Variable

### C.8.1 Lagged Non-Tax Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:28
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 323

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.032452 | 0.032248 | 1.006349 | 0.3151 |
| ILPPSRGDPPCL? | 0.007225 | 0.010719 | 0.673991 | 0.5009 |
| GFIL? | 0.124136 | 0.030634 | 4.052176 | 0.0001 |
| STEAL? | -0.073286 | 0.024954 | -2.936840 | 0.0036 |
| LDPL? | -0.967455 | 0.185665 | -5.210756 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.017056 | | | |
| _BG--C | 0.013537 | | | |
| _CZ--C | 0.006727 | | | |
| _DK--C | -0.003821 | | | |
| _DE--C | -0.005735 | | | |
| _EE--C | 0.027507 | | | |
| _IE--C | 0.021976 | | | |
| _EL--C | -0.006592 | | | |
| _ES--C | -0.026989 | | | |
| _FR--C | -0.014149 | | | |
| _IT--C | -0.035385 | | | |
| _CY--C | 0.001667 | | | |
| _LV--C | 0.041590 | | | |
| _LT--C | 0.038847 | | | |
| _LU--C | -0.003016 | | | |
| _HU--C | 0.002799 | | | |
| _MT--C | -0.038104 | | | |
| _NL--C | -0.007109 | | | |

| | |
|---|---|
| _AT--C | -0.006101 |
| _PL--C | 0.027161 |
| _PT--C | -0.045507 |
| _RO--C | 0.017251 |
| _SL--C | 0.007483 |
| _SK--C | 0.017356 |
| _FI--C | 0.006298 |
| _SE--C | 0.007779 |
| _UK--C | -0.003230 |
| Fixed Effects (Period) | |
| 1995--C | -0.003767 |
| 1996--C | -0.003120 |
| 1997--C | -0.002747 |
| 1998--C | -0.000151 |
| 1999--C | -0.002278 |
| 2000--C | 0.001286 |
| 2001--C | 0.002750 |
| 2002--C | 7.48E-05 |
| 2003--C | 0.001231 |
| 2004--C | 0.002524 |
| 2005--C | 0.002692 |
| 2006--C | 0.002086 |
| 2007--C | -0.000580 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.747798 | Mean dependent var | 0.029682 |
| Adjusted R-squared | 0.709967 | S.D. dependent var | 0.017965 |
| S.E. of regression | 0.009675 | Akaike info criterion | -6.315166 |
| Sum squared resid | 0.026209 | Schwarz criterion | -5.812259 |
| Log likelihood | 1062.899 | F-statistic | 19.76713 |
| Durbin-Watson stat | 0.670352 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:30
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 306

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.060678 | 0.041138 | 1.475000 | 0.1414 |
| ILPPSRGDPPCL? | 0.006061 | 0.011958 | 0.506868 | 0.6127 |
| GFIL? | 0.114581 | 0.032451 | 3.530853 | 0.0005 |
| STEAL? | -0.111337 | 0.027936 | -3.985382 | 0.0001 |
| LDPL? | -0.871917 | 0.186746 | -4.669006 | 0.0000 |
| TEL? | 0.006822 | 0.036563 | 0.186583 | 0.8521 |
| NLL? | 0.090769 | 0.047757 | 1.900624 | 0.0585 |
| FDIIL? | 0.035856 | 0.011143 | 3.217785 | 0.0015 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024773 | | | |
| _BG--C | 0.011373 | | | |
| _CZ--C | 0.016633 | | | |
| _DK--C | -0.002388 | | | |
| _DE--C | 0.001547 | | | |
| _EE--C | 0.032712 | | | |
| _IE--C | 0.013860 | | | |
| _EL--C | -0.008705 | | | |
| _ES--C | -0.036917 | | | |
| _FR--C | -0.015382 | | | |
| _IT--C | -0.041744 | | | |
| _CY--C | -0.000322 | | | |
| _LV--C | 0.047492 | | | |
| _LT--C | 0.046888 | | | |
| _LU--C | -0.016579 | | | |
| _HU--C | 0.008050 | | | |
| _MT--C | -0.055532 | | | |
| _NL--C | -0.008736 | | | |
| _AT--C | -0.001847 | | | |
| _PL--C | 0.033786 | | | |

| | |
|---|---|
| _PT--C | -0.059961 |
| _RO--C | 0.019114 |
| _SL--C | 0.012881 |
| _SK--C | 0.026461 |
| _FI--C | 0.005039 |
| _SE--C | 0.008945 |
| _UK--C | -0.004793 |
| Fixed Effects (Period) | |
| 1995--C | -0.001554 |
| 1996--C | -0.001207 |
| 1997--C | -0.002274 |
| 1998--C | -0.001323 |
| 1999--C | -0.004479 |
| 2000--C | -0.000884 |
| 2001--C | -0.000228 |
| 2002--C | -0.000539 |
| 2003--C | 0.001813 |
| 2004--C | 0.003830 |
| 2005--C | 0.004310 |
| 2006--C | 0.003398 |
| 2007--C | -0.000863 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.768935 | Mean dependent var | 0.029926 |
| Adjusted R-squared | 0.728943 | S.D. dependent var | 0.018332 |
| S.E. of regression | 0.009544 | Akaike info criterion | -6.328068 |
| Sum squared resid | 0.023683 | Schwarz criterion | -5.768313 |
| Log likelihood | 1014.194 | F-statistic | 19.22725 |
| Durbin-Watson stat | 0.780830 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:32
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 322

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.030807 | 0.040459 | 0.761433 | 0.4470 |
| ILPPSRGDPPCL? | 0.010012 | 0.011831 | 0.846219 | 0.3982 |
| GFIL? | 0.109868 | 0.032373 | 3.393836 | 0.0008 |
| STEAL? | -0.073945 | 0.025352 | -2.916746 | 0.0038 |
| LDPL? | -0.943458 | 0.186060 | -5.070708 | 0.0000 |
| TEL? | -0.001891 | 0.036133 | -0.052340 | 0.9583 |
| NLL? | 0.077481 | 0.046468 | 1.667394 | 0.0966 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.018935 | | | |
| _BG--C | 0.015186 | | | |
| _CZ--C | 0.010271 | | | |
| _DK--C | -0.007361 | | | |
| _DE--C | -0.006304 | | | |
| _EE--C | 0.028636 | | | |
| _IE--C | 0.017804 | | | |
| _EL--C | -0.004235 | | | |
| _ES--C | -0.027294 | | | |
| _FR--C | -0.014797 | | | |
| _IT--C | -0.035177 | | | |
| _CY--C | 0.002268 | | | |
| _LV--C | 0.043886 | | | |
| _LT--C | 0.041422 | | | |
| _LU--C | -0.010127 | | | |
| _HU--C | 0.008212 | | | |
| _MT--C | -0.035582 | | | |
| _NL--C | -0.009132 | | | |
| _AT--C | -0.006649 | | | |
| _PL--C | 0.030581 | | | |
| _PT--C | -0.043792 | | | |

| | |
|---|---|
| _RO--C | 0.020921 |
| _SL--C | 0.008988 |
| _SK--C | 0.023070 |
| _FI--C | 0.002716 |
| _SE--C | 0.005404 |
| _UK--C | -0.005121 |
| Fixed Effects (Period) | |
| 1995--C | -0.000488 |
| 1996--C | -0.000370 |
| 1997--C | -0.000983 |
| 1998--C | -0.000216 |
| 1999--C | -0.002464 |
| 2000--C | 0.000773 |
| 2001--C | 0.001400 |
| 2002--C | -0.000881 |
| 2003--C | 0.000797 |
| 2004--C | 0.002144 |
| 2005--C | 0.001793 |
| 2006--C | 0.000810 |
| 2007--C | -0.002317 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.753681 | Mean dependent var | 0.029711 |
| Adjusted R-squared | 0.714554 | S.D. dependent var | 0.017986 |
| S.E. of regression | 0.009609 | Akaike info criterion | -6.323229 |
| Sum squared resid | 0.025577 | Schwarz criterion | -5.795730 |
| Log likelihood | 1063.040 | F-statistic | 19.26264 |
| Durbin-Watson stat | 0.711725 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:33
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 306

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.065141 | 0.033408 | 1.949845 | 0.0523 |
| ILPPSRGDPPCL? | 0.005136 | 0.010862 | 0.472861 | 0.6367 |
| GFIL? | 0.116357 | 0.030965 | 3.757649 | 0.0002 |
| STEAL? | -0.110317 | 0.027346 | -4.034184 | 0.0001 |
| LDPL? | -0.873285 | 0.186256 | -4.688620 | 0.0000 |
| NLL? | 0.084211 | 0.032276 | 2.609102 | 0.0096 |
| FDIIL? | 0.035734 | 0.011103 | 3.218328 | 0.0015 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023863 | | | |
| _BG--C | 0.010220 | | | |
| _CZ--C | 0.015992 | | | |
| _DK--C | -0.001179 | | | |
| _DE--C | 0.001931 | | | |
| _EE--C | 0.031436 | | | |
| _IE--C | 0.013894 | | | |
| _EL--C | -0.008734 | | | |
| _ES--C | -0.036816 | | | |
| _FR--C | -0.014490 | | | |
| _IT--C | -0.041055 | | | |
| _CY--C | -0.000553 | | | |
| _LV--C | 0.046022 | | | |
| _LT--C | 0.045545 | | | |
| _LU--C | -0.015507 | | | |
| _HU--C | 0.007687 | | | |
| _MT--C | -0.055486 | | | |
| _NL--C | -0.008064 | | | |
| _AT--C | -0.001073 | | | |
| _PL--C | 0.032968 | | | |
| _PT--C | -0.059841 | | | |

| | |
|---|---|
| _RO--C | 0.017509 |
| _SL--C | 0.012739 |
| _SK--C | 0.025492 |
| _FI--C | 0.006035 |
| _SE--C | 0.010203 |
| _UK--C | -0.004610 |
| Fixed Effects (Period) | |
| 1995--C | -0.001581 |
| 1996--C | -0.001266 |
| 1997--C | -0.002274 |
| 1998--C | -0.001368 |
| 1999--C | -0.004518 |
| 2000--C | -0.000878 |
| 2001--C | -0.000230 |
| 2002--C | -0.000555 |
| 2003--C | 0.001809 |
| 2004--C | 0.003852 |
| 2005--C | 0.004334 |
| 2006--C | 0.003454 |
| 2007--C | -0.000779 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.768904 | Mean dependent var | 0.029926 |
| Adjusted R-squared | 0.729946 | S.D. dependent var | 0.018332 |
| S.E. of regression | 0.009526 | Akaike info criterion | -6.334470 |
| Sum squared resid | 0.023686 | Schwarz criterion | -5.786884 |
| Log likelihood | 1014.174 | F-statistic | 19.73643 |
| Durbin-Watson stat | 0.780742 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:35
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 306

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.094162 | 0.037360 | 2.520384 | 0.0123 |
| ILPPSRGDPPCL? | -0.002153 | 0.011205 | -0.192187 | 0.8477 |
| GFIL? | 0.134396 | 0.030884 | 4.351564 | 0.0000 |
| STEAL? | -0.102040 | 0.027642 | -3.691480 | 0.0003 |
| LDPL? | -0.904701 | 0.186876 | -4.841193 | 0.0000 |
| TEL? | -0.044318 | 0.024880 | -1.781269 | 0.0760 |
| FDIIL? | 0.036172 | 0.011197 | 3.230437 | 0.0014 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.016861 | | | |
| _BG--C | 0.001881 | | | |
| _CZ--C | 0.009779 | | | |
| _DK--C | 0.008475 | | | |
| _DE--C | 0.004540 | | | |
| _EE--C | 0.022353 | | | |
| _IE--C | 0.016461 | | | |
| _EL--C | -0.009861 | | | |
| _ES--C | -0.035282 | | | |
| _FR--C | -0.008196 | | | |
| _IT--C | -0.036329 | | | |
| _CY--C | -0.002288 | | | |
| _LV--C | 0.035110 | | | |
| _LT--C | 0.035235 | | | |
| _LU--C | -0.006118 | | | |
| _HU--C | 0.002530 | | | |
| _MT--C | -0.055896 | | | |
| _NL--C | -0.002633 | | | |
| _AT--C | 0.004245 | | | |
| _PL--C | 0.025818 | | | |
| _PT--C | -0.059280 | | | |

| | |
|---|---|
| _RO--C | 0.005205 |
| _SL--C | 0.011049 |
| _SK--C | 0.016088 |
| _FI--C | 0.014426 |
| _SE--C | 0.019563 |
| _UK--C | -0.002443 |
| Fixed Effects (Period) | |
| 1995--C | -0.003267 |
| 1996--C | -0.003089 |
| 1997--C | -0.003117 |
| 1998--C | -0.001555 |
| 1999--C | -0.004644 |
| 2000--C | -0.000581 |
| 2001--C | 0.000395 |
| 2002--C | -0.000262 |
| 2003--C | 0.001988 |
| 2004--C | 0.004180 |
| 2005--C | 0.004939 |
| 2006--C | 0.004436 |
| 2007--C | 0.000576 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.765725 | Mean dependent var | 0.029926 |
| Adjusted R-squared | 0.726230 | S.D. dependent var | 0.018332 |
| S.E. of regression | 0.009592 | Akaike info criterion | -6.320806 |
| Sum squared resid | 0.024012 | Schwarz criterion | -5.773220 |
| Log likelihood | 1012.083 | F-statistic | 19.38808 |
| Durbin-Watson stat | 0.761114 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:36
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 322

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.062747 | 0.035750 | 1.755150 | 0.0803 |
| ILPPSRGDPPCL? | 0.002664 | 0.011015 | 0.241879 | 0.8091 |
| GFIL? | 0.127276 | 0.030741 | 4.140233 | 0.0000 |
| STEAL? | -0.068501 | 0.025221 | -2.716031 | 0.0070 |
| LDPL? | -0.967249 | 0.186106 | -5.197315 | 0.0000 |
| TEL? | -0.046590 | 0.024304 | -1.917019 | 0.0563 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.012744 | | | |
| _BG--C | 0.006399 | | | |
| _CZ--C | 0.004448 | | | |
| _DK--C | 0.002103 | | | |
| _DE--C | -0.003594 | | | |
| _EE--C | 0.019608 | | | |
| _IE--C | 0.019361 | | | |
| _EL--C | -0.006012 | | | |
| _ES--C | -0.027020 | | | |
| _FR--C | -0.008970 | | | |
| _IT--C | -0.031384 | | | |
| _CY--C | 3.52E-05 | | | |
| _LV--C | 0.032997 | | | |
| _LT--C | 0.031252 | | | |
| _LU--C | -0.000395 | | | |
| _HU--C | 0.003148 | | | |
| _MT--C | -0.037537 | | | |
| _NL--C | -0.004133 | | | |
| _AT--C | -0.001415 | | | |
| _PL--C | 0.023525 | | | |
| _PT--C | -0.044766 | | | |
| _RO--C | 0.008311 | | | |

| | |
|---|---|
| _SL--C | 0.007225 |
| _SK--C | 0.014075 |
| _FI--C | 0.010670 |
| _SE--C | 0.014637 |
| _UK--C | -0.003511 |
| Fixed Effects (Period) | |
| 1995--C | -0.002134 |
| 1996--C | -0.002065 |
| 1997--C | -0.001863 |
| 1998--C | -0.000521 |
| 1999--C | -0.002654 |
| 2000--C | 0.000971 |
| 2001--C | 0.001961 |
| 2002--C | -0.000520 |
| 2003--C | 0.000981 |
| 2004--C | 0.002507 |
| 2005--C | 0.002427 |
| 2006--C | 0.001834 |
| 2007--C | -0.000923 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.751208 | Mean dependent var | 0.029711 |
| Adjusted R-squared | 0.712726 | S.D. dependent var | 0.017986 |
| S.E. of regression | 0.009640 | Akaike info criterion | -6.319454 |
| Sum squared resid | 0.025834 | Schwarz criterion | -5.803677 |
| Log likelihood | 1061.432 | F-statistic | 19.52095 |
| Durbin-Watson stat | 0.692888 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:38
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 322

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.029516 | 0.032014 | 0.921975 | 0.3573 |
| ILPPSRGDPPCL? | 0.010274 | 0.010700 | 0.960181 | 0.3378 |
| GFIL? | 0.109376 | 0.030921 | 3.537258 | 0.0005 |
| STEAL? | -0.074188 | 0.024878 | -2.982010 | 0.0031 |
| LDPL? | -0.943121 | 0.185615 | -5.081057 | 0.0000 |
| NLL? | 0.079285 | 0.031100 | 2.549367 | 0.0113 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019165 | | | |
| _BG--C | 0.015525 | | | |
| _CZ--C | 0.010455 | | | |
| _DK--C | -0.007690 | | | |
| _DE--C | -0.006407 | | | |
| _EE--C | 0.028999 | | | |
| _IE--C | 0.017811 | | | |
| _EL--C | -0.004210 | | | |
| _ES--C | -0.027300 | | | |
| _FR--C | -0.015033 | | | |
| _IT--C | -0.035349 | | | |
| _CY--C | 0.002348 | | | |
| _LV--C | 0.044305 | | | |
| _LT--C | 0.041804 | | | |
| _LU--C | -0.010412 | | | |
| _HU--C | 0.008326 | | | |
| _MT--C | -0.035561 | | | |
| _NL--C | -0.009308 | | | |
| _AT--C | -0.006857 | | | |
| _PL--C | 0.030818 | | | |
| _PT--C | -0.043796 | | | |
| _RO--C | 0.021384 | | | |

| | |
|---|---|
| _SL--C | 0.009036 |
| _SK--C | 0.023348 |
| _FI--C | 0.002449 |
| _SE--C | 0.005062 |
| _UK--C | -0.005159 |
| Fixed Effects (Period) | |
| 1995--C | -0.000473 |
| 1996--C | -0.000351 |
| 1997--C | -0.000980 |
| 1998--C | -0.000203 |
| 1999--C | -0.002453 |
| 2000--C | 0.000774 |
| 2001--C | 0.001401 |
| 2002--C | -0.000879 |
| 2003--C | 0.000797 |
| 2004--C | 0.002136 |
| 2005--C | 0.001783 |
| 2006--C | 0.000792 |
| 2007--C | -0.002342 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.753678 | Mean dependent var | 0.029711 |
| Adjusted R-squared | 0.715578 | S.D. dependent var | 0.017986 |
| S.E. of regression | 0.009592 | Akaike info criterion | -6.329431 |
| Sum squared resid | 0.025577 | Schwarz criterion | -5.813653 |
| Log likelihood | 1063.038 | F-statistic | 19.78151 |
| Durbin-Watson stat | 0.711804 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:40
Sample: 1995 2007
Included observations: 13
Cross-sections included: 27
Total pool (unbalanced) observations: 307

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.064386 | 0.033725 | 1.909162 | 0.0573 |
| ILPPSRGDPPCL? | 0.001985 | 0.010906 | 0.181984 | 0.8557 |
| GFIL? | 0.131599 | 0.030759 | 4.278336 | 0.0000 |
| STEAL? | -0.104318 | 0.027401 | -3.807154 | 0.0002 |
| LDPL? | -0.904169 | 0.186464 | -4.849026 | 0.0000 |
| FDIIL? | 0.038126 | 0.011176 | 3.411357 | 0.0007 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021182 | | | |
| _BG--C | 0.008234 | | | |
| _CZ--C | 0.011263 | | | |
| _DK--C | 0.002508 | | | |
| _DE--C | 0.002166 | | | |
| _EE--C | 0.029076 | | | |
| _IE--C | 0.019075 | | | |
| _EL--C | -0.010109 | | | |
| _ES--C | -0.034895 | | | |
| _FR--C | -0.013046 | | | |
| _IT--C | -0.039597 | | | |
| _CY--C | -0.000833 | | | |
| _LV--C | 0.042596 | | | |
| _LT--C | 0.041797 | | | |
| _LU--C | -0.009833 | | | |
| _HU--C | 0.001841 | | | |
| _MT--C | -0.055599 | | | |
| _NL--C | -0.005532 | | | |
| _AT--C | -0.000412 | | | |
| _PL--C | 0.028729 | | | |
| _PT--C | -0.059069 | | | |
| _RO--C | 0.013302 | | | |

| | |
|---|---|
| _SL--C | 0.010977 |
| _SK--C | 0.018496 |
| _FI--C | 0.010080 |
| _SE--C | 0.012692 |
| _UK--C | -0.002119 |
| Fixed Effects (Period) | |
| 1995--C | -0.005115 |
| 1996--C | -0.004037 |
| 1997--C | -0.003852 |
| 1998--C | -0.001047 |
| 1999--C | -0.004200 |
| 2000--C | -0.000302 |
| 2001--C | 0.001083 |
| 2002--C | 0.000302 |
| 2003--C | 0.002266 |
| 2004--C | 0.004233 |
| 2005--C | 0.005217 |
| 2006--C | 0.004655 |
| 2007--C | 0.000797 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.762494 | Mean dependent var | 0.029895 |
| Adjusted R-squared | 0.723662 | S.D. dependent var | 0.018309 |
| S.E. of regression | 0.009625 | Akaike info criterion | -6.316982 |
| Sum squared resid | 0.024364 | Schwarz criterion | -5.782841 |
| Log likelihood | 1013.657 | F-statistic | 19.63580 |
| Durbin-Watson stat | 0.737385 | Prob(F-statistic) | 0.000000 |

### C.8.2 Lagged Implicit Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:21
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 230
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.093736 | 0.040372 | -2.321829 | 0.0213 |
| ILPPSRGDPPCL? | 0.057717 | 0.011022 | 5.236554 | 0.0000 |
| GFIL? | -0.009112 | 0.031029 | -0.293661 | 0.7693 |
| STEAL? | -0.069560 | 0.026057 | -2.669564 | 0.0082 |
| LDPL? | -0.738531 | 0.285657 | -2.585380 | 0.0105 |
| ITRCL? | -0.041221 | 0.042879 | -0.961334 | 0.3376 |
| ITRKL? | -0.026768 | 0.014806 | -1.807846 | 0.0722 |
| ITRLL? | 0.066028 | 0.041200 | 1.602647 | 0.1107 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.039919 | | | |
| _CZ--C | 0.017714 | | | |
| _DK--C | -0.021515 | | | |
| _DE--C | -0.030156 | | | |
| _EE--C | 0.067451 | | | |
| _ES--C | -0.024574 | | | |
| _FR--C | -0.032159 | | | |
| _IT--C | -0.053918 | | | |
| _CY--C | -0.001343 | | | |
| _LV--C | 0.087432 | | | |
| _LT--C | 0.069909 | | | |
| _HU--C | 0.023562 | | | |
| _NL--C | -0.029395 | | | |
| _AT--C | -0.025830 | | | |
| _PL--C | 0.055960 | | | |
| _PT--C | -0.029792 | | | |
| _SL--C | 0.013805 | | | |

| | |
|---|---|
| _SK--C | 0.049702 |
| _FI--C | -0.008692 |
| _SE--C | -0.016847 |
| _UK--C | -0.015843 |
| Fixed Effects (Period) | |
| 1996--C | 0.003613 |
| 1997--C | 0.004281 |
| 1998--C | 0.005247 |
| 1999--C | 0.002321 |
| 2000--C | 0.003031 |
| 2001--C | 0.001752 |
| 2002--C | -0.001938 |
| 2003--C | -0.002442 |
| 2004--C | -0.002117 |
| 2005--C | -0.002913 |
| 2006--C | -0.003628 |
| 2007--C | -0.007208 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.890333 | Mean dependent var | 0.028331 |
| Adjusted R-squared | 0.868514 | S.D. dependent var | 0.017710 |
| S.E. of regression | 0.006422 | Akaike info criterion | -7.104891 |
| Sum squared resid | 0.007877 | Schwarz criterion | -6.521912 |
| Log likelihood | 856.0625 | F-statistic | 40.80621 |
| Durbin-Watson stat | 0.468444 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:22
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 230
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.063202 | 0.035738 | -1.768462 | 0.0786 |
| ILPPSRGDPPCL? | 0.052683 | 0.010608 | 4.966366 | 0.0000 |
| GFIL? | -0.006535 | 0.031114 | -0.210033 | 0.8339 |
| STEAL? | -0.064209 | 0.025947 | -2.474584 | 0.0142 |
| LDPL? | -0.679626 | 0.284437 | -2.389374 | 0.0178 |
| ITRCL? | -0.023800 | 0.041647 | -0.571470 | 0.5683 |
| ITRKL? | -0.027020 | 0.014866 | -1.817607 | 0.0707 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033303 | | | |
| _CZ--C | 0.019281 | | | |
| _DK--C | -0.020506 | | | |
| _DE--C | -0.027198 | | | |
| _EE--C | 0.064051 | | | |
| _ES--C | -0.025184 | | | |
| _FR--C | -0.028560 | | | |
| _IT--C | -0.047316 | | | |
| _CY--C | -0.009403 | | | |
| _LV--C | 0.083045 | | | |
| _LT--C | 0.067453 | | | |
| _HU--C | 0.023302 | | | |
| _NL--C | -0.030014 | | | |
| _AT--C | -0.022030 | | | |
| _PL--C | 0.051385 | | | |
| _PT--C | -0.036734 | | | |
| _SL--C | 0.013315 | | | |
| _SK--C | 0.046115 | | | |
| _FI--C | -0.004552 | | | |
| _SE--C | -0.010657 | | | |

| | |
|---|---|
| _UK--C | -0.020828 |
| Fixed Effects (Period) | |
| 1996--C | 0.003448 |
| 1997--C | 0.004231 |
| 1998--C | 0.005251 |
| 1999--C | 0.002415 |
| 2000--C | 0.003190 |
| 2001--C | 0.002002 |
| 2002--C | -0.001586 |
| 2003--C | -0.002262 |
| 2004--C | -0.002153 |
| 2005--C | -0.003137 |
| 2006--C | -0.003967 |
| 2007--C | -0.007432 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.888858 | Mean dependent var | 0.028331 |
| Adjusted R-squared | 0.867440 | S.D. dependent var | 0.017710 |
| S.E. of regression | 0.006448 | Akaike info criterion | -7.100229 |
| Sum squared resid | 0.007983 | Schwarz criterion | -6.532198 |
| Log likelihood | 854.5263 | F-statistic | 41.50063 |
| Durbin-Watson stat | 0.454616 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:24
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 230
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.100736 | 0.039702 | -2.537294 | 0.0120 |
| ILPPSRGDPPCL? | 0.058157 | 0.011010 | 5.282019 | 0.0000 |
| GFIL? | -0.011701 | 0.030906 | -0.378613 | 0.7054 |
| STEAL? | -0.067028 | 0.025918 | -2.586147 | 0.0104 |
| LDPL? | -0.757140 | 0.284944 | -2.657156 | 0.0085 |
| ITRKL? | -0.029294 | 0.014568 | -2.010770 | 0.0457 |
| ITRLL? | 0.055988 | 0.039846 | 1.405112 | 0.1616 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.039013 | | | |
| _CZ--C | 0.018762 | | | |
| _DK--C | -0.026109 | | | |
| _DE--C | -0.029365 | | | |
| _EE--C | 0.067370 | | | |
| _ES--C | -0.021556 | | | |
| _FR--C | -0.031366 | | | |
| _IT--C | -0.051246 | | | |
| _CY--C | 0.000101 | | | |
| _LV--C | 0.088138 | | | |
| _LT--C | 0.070883 | | | |
| _HU--C | 0.021928 | | | |
| _NL--C | -0.031021 | | | |
| _AT--C | -0.025793 | | | |
| _PL--C | 0.056585 | | | |
| _PT--C | -0.028667 | | | |
| _SL--C | 0.012831 | | | |
| _SK--C | 0.049673 | | | |
| _FI--C | -0.010788 | | | |
| _SE--C | -0.018481 | | | |

| | |
|---|---|
| _UK--C | -0.015589 |
| Fixed Effects (Period) | |
| 1996--C | 0.003790 |
| 1997--C | 0.004436 |
| 1998--C | 0.005459 |
| 1999--C | 0.002417 |
| 2000--C | 0.003054 |
| 2001--C | 0.001932 |
| 2002--C | -0.001674 |
| 2003--C | -0.002341 |
| 2004--C | -0.002219 |
| 2005--C | -0.003164 |
| 2006--C | -0.004054 |
| 2007--C | -0.007634 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.889802 | Mean dependent var | 0.028331 |
| Adjusted R-squared | 0.868566 | S.D. dependent var | 0.017710 |
| S.E. of regression | 0.006421 | Akaike info criterion | -7.108760 |
| Sum squared resid | 0.007915 | Schwarz criterion | -6.540729 |
| Log likelihood | 855.5074 | F-statistic | 41.90065 |
| Durbin-Watson stat | 0.458684 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:26
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 296

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.010432 | 0.036588 | -0.285123 | 0.7758 |
| ILPPSRGDPPCL? | 0.021632 | 0.011487 | 1.883077 | 0.0608 |
| GFIL? | 0.096467 | 0.033181 | 2.907261 | 0.0040 |
| STEAL? | -0.088495 | 0.027711 | -3.193457 | 0.0016 |
| LDPL? | -1.189721 | 0.233721 | -5.090341 | 0.0000 |
| ITRCL? | 0.096214 | 0.039991 | 2.405875 | 0.0169 |
| ITRLL? | -0.004039 | 0.015280 | -0.264345 | 0.7917 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023528 | | | |
| _BG--C | 0.027546 | | | |
| _CZ--C | 0.015140 | | | |
| _DK--C | -0.019716 | | | |
| _DE--C | -0.007334 | | | |
| _EE--C | 0.040250 | | | |
| _IE--C | 0.010932 | | | |
| _EL--C | -0.000201 | | | |
| _ES--C | -0.024787 | | | |
| _FR--C | -0.019141 | | | |
| _IT--C | -0.039849 | | | |
| _CY--C | 0.006540 | | | |
| _LV--C | 0.056680 | | | |
| _LT--C | 0.052182 | | | |
| _LU--C | -0.018219 | | | |
| _HU--C | 0.003961 | | | |
| _MT--C | -0.040021 | | | |
| _NL--C | -0.016550 | | | |
| _AT--C | -0.010229 | | | |
| _PL--C | 0.038956 | | | |
| _PT--C | -0.049409 | | | |

| | |
|---|---|
| _RO--C | 0.038875 |
| _SL--C | 0.007983 |
| _SK--C | 0.027816 |
| _FI--C | -0.002628 |
| _SE--C | -0.001503 |
| _UK--C | -0.007253 |
| Fixed Effects (Period) | |
| 1996--C | -0.002510 |
| 1997--C | -0.001642 |
| 1998--C | 0.000983 |
| 1999--C | -0.001346 |
| 2000--C | 0.001018 |
| 2001--C | 0.003204 |
| 2002--C | -0.001018 |
| 2003--C | 0.001796 |
| 2004--C | 0.001369 |
| 2005--C | 0.001053 |
| 2006--C | -2.96E-05 |
| 2007--C | -0.002879 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.766857 | Mean dependent var | 0.029781 |
| Adjusted R-squared | 0.727075 | S.D. dependent var | 0.018113 |
| S.E. of regression | 0.009463 | Akaike info criterion | -6.346514 |
| Sum squared resid | 0.022566 | Schwarz criterion | -5.797947 |
| Log likelihood | 983.2840 | F-statistic | 19.27637 |
| Durbin-Watson stat | 0.592280 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:27
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 303

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.021030 | 0.036265 | 0.579900 | 0.5625 |
| ILPPSRGDPPCL? | 0.014221 | 0.011423 | 1.245012 | 0.2142 |
| GFIL? | 0.090992 | 0.033288 | 2.733464 | 0.0067 |
| STEAL? | -0.101983 | 0.027423 | -3.718914 | 0.0002 |
| LDPL? | -0.856891 | 0.196965 | -4.350467 | 0.0000 |
| ITRCL? | 0.087099 | 0.039642 | 2.197151 | 0.0289 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023010 | | | |
| _BG--C | 0.022643 | | | |
| _CZ--C | 0.017035 | | | |
| _DK--C | -0.015104 | | | |
| _DE--C | -0.003123 | | | |
| _EE--C | 0.041267 | | | |
| _IE--C | 0.010977 | | | |
| _EL--C | -0.003065 | | | |
| _ES--C | -0.030681 | | | |
| _FR--C | -0.019514 | | | |
| _IT--C | -0.041891 | | | |
| _CY--C | 0.002328 | | | |
| _LV--C | 0.056040 | | | |
| _LT--C | 0.052697 | | | |
| _LU--C | -0.015619 | | | |
| _HU--C | 0.002971 | | | |
| _MT--C | -0.048701 | | | |
| _NL--C | -0.014302 | | | |
| _AT--C | -0.006934 | | | |
| _PL--C | 0.036363 | | | |
| _PT--C | -0.056458 | | | |
| _RO--C | 0.030783 | | | |

| | |
|---|---|
| _SL--C | 0.009112 |
| _SK--C | 0.027225 |
| _FI--C | -0.000490 |
| _SE--C | 0.001598 |
| _UK--C | -0.006247 |
| Fixed Effects (Period) | |
| 1996--C | -0.003570 |
| 1997--C | -0.003068 |
| 1998--C | -0.000229 |
| 1999--C | -0.002131 |
| 2000--C | 0.000732 |
| 2001--C | 0.002471 |
| 2002--C | 0.000212 |
| 2003--C | 0.001078 |
| 2004--C | 0.002032 |
| 2005--C | 0.002163 |
| 2006--C | 0.001430 |
| 2007--C | -0.001121 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.753119 | Mean dependent var | 0.030144 |
| Adjusted R-squared | 0.713239 | S.D. dependent var | 0.018236 |
| S.E. of regression | 0.009765 | Akaike info criterion | -6.289208 |
| Sum squared resid | 0.024793 | Schwarz criterion | -5.762176 |
| Log likelihood | 995.8150 | F-statistic | 18.88430 |
| Durbin-Watson stat | 0.637677 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:28
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 230
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.070386 | 0.033396 | -2.107597 | 0.0364 |
| ILPPSRGDPPCL? | 0.053427 | 0.010510 | 5.083644 | 0.0000 |
| GFIL? | -0.008374 | 0.030893 | -0.271080 | 0.7866 |
| STEAL? | -0.063149 | 0.025836 | -2.444237 | 0.0154 |
| LDPL? | -0.696636 | 0.282381 | -2.467002 | 0.0145 |
| ITRKL? | -0.028555 | 0.014596 | -1.956427 | 0.0519 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033365 | | | |
| _CZ--C | 0.019780 | | | |
| _DK--C | -0.023435 | | | |
| _DE--C | -0.026988 | | | |
| _EE--C | 0.064320 | | | |
| _ES--C | -0.023264 | | | |
| _FR--C | -0.028408 | | | |
| _IT--C | -0.046287 | | | |
| _CY--C | -0.007755 | | | |
| _LV--C | 0.083892 | | | |
| _LT--C | 0.068285 | | | |
| _HU--C | 0.022318 | | | |
| _NL--C | -0.030959 | | | |
| _AT--C | -0.022363 | | | |
| _PL--C | 0.052200 | | | |
| _PT--C | -0.035388 | | | |
| _SL--C | 0.012761 | | | |
| _SK--C | 0.046433 | | | |
| _FI--C | -0.006234 | | | |
| _SE--C | -0.012246 | | | |
| _UK--C | -0.020203 | | | |

| | |
|---|---|
| Fixed Effects (Period) | |
| 1996--C | 0.003573 |
| 1997--C | 0.004331 |
| 1998--C | 0.005381 |
| 1999--C | 0.002465 |
| 2000--C | 0.003190 |
| 2001--C | 0.002089 |
| 2002--C | -0.001457 |
| 2003--C | -0.002216 |
| 2004--C | -0.002213 |
| 2005--C | -0.003271 |
| 2006--C | -0.004198 |
| 2007--C | -0.007674 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.888669 | Mean dependent var | 0.028331 |
| Adjusted R-squared | 0.867903 | S.D. dependent var | 0.017710 |
| S.E. of regression | 0.006437 | Akaike info criterion | -7.107225 |
| Sum squared resid | 0.007996 | Schwarz criterion | -6.554143 |
| Log likelihood | 854.3309 | F-statistic | 42.79367 |
| Durbin-Watson stat | 0.451108 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:32
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 300

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.012332 | 0.035353 | 0.348818 | 0.7275 |
| ILPPSRGDPPCL? | 0.016838 | 0.011376 | 1.480144 | 0.1401 |
| GFIL? | 0.119151 | 0.031870 | 3.738719 | 0.0002 |
| STEAL? | -0.081835 | 0.027411 | -2.985492 | 0.0031 |
| LDPL? | -1.237787 | 0.231423 | -5.348594 | 0.0000 |
| ITRLL? | 0.001404 | 0.015100 | 0.092984 | 0.9260 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.021050 | | | |
| _BG--C | 0.020650 | | | |
| _CZ--C | 0.009401 | | | |
| _DK--C | -0.006957 | | | |
| _DE--C | -0.008747 | | | |
| _EE--C | 0.032758 | | | |
| _IE--C | 0.018415 | | | |
| _EL--C | -0.005193 | | | |
| _ES--C | -0.027173 | | | |
| _FR--C | -0.016639 | | | |
| _IT--C | -0.040310 | | | |
| _CY--C | 0.003427 | | | |
| _LV--C | 0.048019 | | | |
| _LT--C | 0.043573 | | | |
| _LU--C | -0.009822 | | | |
| _HU--C | 0.005772 | | | |
| _MT--C | -0.040454 | | | |
| _NL--C | -0.011023 | | | |
| _AT--C | -0.008744 | | | |
| _PL--C | 0.033451 | | | |
| _PT--C | -0.048673 | | | |
| _RO--C | 0.026760 | | | |

| | |
|---|---|
| _SL--C | 0.008512 |
| _SK--C | 0.023057 |
| _FI--C | 0.004916 |
| _SE--C | 0.005351 |
| _UK--C | -0.005916 |
| Fixed Effects (Period) | |
| 1996--C | -0.002986 |
| 1997--C | -0.002418 |
| 1998--C | 0.000124 |
| 1999--C | -0.002116 |
| 2000--C | 0.001258 |
| 2001--C | 0.002937 |
| 2002--C | -0.001541 |
| 2003--C | 0.001719 |
| 2004--C | 0.001686 |
| 2005--C | 0.001758 |
| 2006--C | 0.001205 |
| 2007--C | -0.001627 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.760813 | Mean dependent var | 0.029779 |
| Adjusted R-squared | 0.721724 | S.D. dependent var | 0.018011 |
| S.E. of regression | 0.009501 | Akaike info criterion | -6.342882 |
| Sum squared resid | 0.023199 | Schwarz criterion | -5.812007 |
| Log likelihood | 994.4323 | F-statistic | 19.46368 |
| Durbin-Watson stat | 0.602418 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:34
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 223
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.085236 | 0.041282 | -2.064720 | 0.0404 |
| ILPPSRGDPPCL? | 0.056069 | 0.011445 | 4.899203 | 0.0000 |
| GFIL? | -0.002263 | 0.032120 | -0.070464 | 0.9439 |
| STEAL? | -0.068839 | 0.026677 | -2.580476 | 0.0107 |
| LDPL? | -0.678842 | 0.292584 | -2.320162 | 0.0214 |
| ITRCL? | -0.040707 | 0.052861 | -0.770081 | 0.4423 |
| ITRKL? | -0.030128 | 0.019328 | -1.558768 | 0.1208 |
| ITRLL? | 0.084535 | 0.048644 | 1.737852 | 0.0839 |
| TEL? | -0.020838 | 0.052427 | -0.397468 | 0.6915 |
| NLL? | 0.039430 | 0.064739 | 0.609067 | 0.5432 |
| FDIIL? | -0.003107 | 0.015428 | -0.201413 | 0.8406 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.040970 | | | |
| _CZ--C | 0.015488 | | | |
| _DK--C | -0.021706 | | | |
| _DE--C | -0.030538 | | | |
| _EE--C | 0.061238 | | | |
| _ES--C | -0.027582 | | | |
| _FR--C | -0.031334 | | | |
| _IT--C | -0.054289 | | | |
| _CY--C | -0.000623 | | | |
| _LV--C | 0.082640 | | | |
| _LT--C | 0.065684 | | | |
| _HU--C | 0.023592 | | | |
| _NL--C | -0.029661 | | | |
| _AT--C | -0.025993 | | | |
| _PL--C | 0.054549 | | | |
| _PT--C | -0.028321 | | | |

| | |
|---|---|
| _SL--C | 0.012093 |
| _SK--C | 0.048696 |
| _FI--C | -0.010895 |
| _SE--C | -0.017415 |
| _UK--C | -0.015090 |
| Fixed Effects (Period) | |
| 1996--C | 0.005837 |
| 1997--C | 0.005321 |
| 1998--C | 0.004938 |
| 1999--C | 0.001789 |
| 2000--C | 0.002496 |
| 2001--C | 0.001011 |
| 2002--C | -0.002299 |
| 2003--C | -0.002425 |
| 2004--C | -0.001982 |
| 2005--C | -0.003090 |
| 2006--C | -0.003842 |
| 2007--C | -0.007754 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.892574 | Mean dependent var | 0.028601 |
| Adjusted R-squared | 0.868240 | S.D. dependent var | 0.017915 |
| S.E. of regression | 0.006503 | Akaike info criterion | -7.065144 |
| Sum squared resid | 0.007654 | Schwarz criterion | -6.423434 |
| Log likelihood | 829.7635 | F-statistic | 36.68017 |
| Durbin-Watson stat | 0.520535 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:35
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 223
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.056727 | 0.038092 | -1.489188 | 0.1382 |
| ILPPSRGDPPCL? | 0.050484 | 0.011045 | 4.570820 | 0.0000 |
| GFIL? | -0.001126 | 0.032291 | -0.034866 | 0.9722 |
| STEAL? | -0.065910 | 0.026771 | -2.462027 | 0.0147 |
| LDPL? | -0.636219 | 0.293168 | -2.170152 | 0.0313 |
| ITRCL? | -0.048866 | 0.052943 | -0.922986 | 0.3572 |
| ITRKL? | -0.039982 | 0.018580 | -2.151948 | 0.0327 |
| TEL? | 0.024883 | 0.045599 | 0.545691 | 0.5859 |
| NLL? | 0.085421 | 0.059410 | 1.437814 | 0.1522 |
| FDIIL? | -0.002588 | 0.015510 | -0.166861 | 0.8677 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.034916 | | | |
| _CZ--C | 0.019382 | | | |
| _DK--C | -0.021071 | | | |
| _DE--C | -0.027974 | | | |
| _EE--C | 0.059694 | | | |
| _ES--C | -0.027782 | | | |
| _FR--C | -0.028551 | | | |
| _IT--C | -0.048120 | | | |
| _CY--C | -0.009264 | | | |
| _LV--C | 0.079947 | | | |
| _LT--C | 0.064858 | | | |
| _HU--C | 0.024623 | | | |
| _NL--C | -0.031011 | | | |
| _AT--C | -0.023286 | | | |
| _PL--C | 0.050345 | | | |
| _PT--C | -0.036853 | | | |
| _SL--C | 0.012289 | | | |

| | |
|---|---|
| _SK--C | 0.047619 |
| _FI--C | -0.007479 |
| _SE--C | -0.013013 |
| _UK--C | -0.019016 |
| Fixed Effects (Period) | |
| 1996--C | 0.005120 |
| 1997--C | 0.004514 |
| 1998--C | 0.004599 |
| 1999--C | 0.001790 |
| 2000--C | 0.002714 |
| 2001--C | 0.001336 |
| 2002--C | -0.001788 |
| 2003--C | -0.001983 |
| 2004--C | -0.001847 |
| 2005--C | -0.002965 |
| 2006--C | -0.003828 |
| 2007--C | -0.007663 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.890782 | Mean dependent var | 0.028601 |
| Adjusted R-squared | 0.866778 | S.D. dependent var | 0.017915 |
| S.E. of regression | 0.006539 | Akaike info criterion | -7.057564 |
| Sum squared resid | 0.007782 | Schwarz criterion | -6.431133 |
| Log likelihood | 827.9184 | F-statistic | 37.10977 |
| Durbin-Watson stat | 0.503730 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:36
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 223
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.090050 | 0.040761 | -2.209228 | 0.0284 |
| ILPPSRGDPPCL? | 0.056768 | 0.011396 | 4.981484 | 0.0000 |
| GFIL? | -0.003426 | 0.032048 | -0.106886 | 0.9150 |
| STEAL? | -0.066073 | 0.026404 | -2.502354 | 0.0132 |
| LDPL? | -0.689688 | 0.291918 | -2.362610 | 0.0192 |
| ITRKL? | -0.026589 | 0.018753 | -1.417881 | 0.1579 |
| ITRLL? | 0.087862 | 0.048397 | 1.815443 | 0.0711 |
| TEL? | -0.043307 | 0.043508 | -0.995388 | 0.3209 |
| NLL? | 0.012366 | 0.054308 | 0.227697 | 0.8201 |
| FDIIL? | -0.002446 | 0.015387 | -0.159000 | 0.8738 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.040124 | | | |
| _CZ--C | 0.015075 | | | |
| _DK--C | -0.024501 | | | |
| _DE--C | -0.029731 | | | |
| _EE--C | 0.060638 | | | |
| _ES--C | -0.025474 | | | |
| _FR--C | -0.030409 | | | |
| _IT--C | -0.052299 | | | |
| _CY--C | 0.000863 | | | |
| _LV--C | 0.082586 | | | |
| _LT--C | 0.065790 | | | |
| _HU--C | 0.021777 | | | |
| _NL--C | -0.030245 | | | |
| _AT--C | -0.025369 | | | |
| _PL--C | 0.054963 | | | |
| _PT--C | -0.026621 | | | |
| _SL--C | 0.011251 | | | |

| | |
|---|---|
| _SK--C | 0.047447 |
| _FI--C | -0.011777 |
| _SE--C | -0.017603 |
| _UK--C | -0.015282 |
| Fixed Effects (Period) | |
| 1996--C | 0.006059 |
| 1997--C | 0.005746 |
| 1998--C | 0.005273 |
| 1999--C | 0.001891 |
| 2000--C | 0.002505 |
| 2001--C | 0.001132 |
| 2002--C | -0.002176 |
| 2003--C | -0.002494 |
| 2004--C | -0.002126 |
| 2005--C | -0.003396 |
| 2006--C | -0.004272 |
| 2007--C | -0.008142 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.892222 | Mean dependent var | 0.028601 |
| Adjusted R-squared | 0.868535 | S.D. dependent var | 0.017915 |
| S.E. of regression | 0.006496 | Akaike info criterion | -7.070841 |
| Sum squared resid | 0.007679 | Schwarz criterion | -6.444411 |
| Log likelihood | 829.3988 | F-statistic | 37.66658 |
| Durbin-Watson stat | 0.508325 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:38
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 282

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.051732 | 0.040235 | 1.285727 | 0.1998 |
| ILPPSRGDPPCL? | 0.014302 | 0.011542 | 1.239077 | 0.2166 |
| GFIL? | 0.106343 | 0.032462 | 3.275883 | 0.0012 |
| STEAL? | -0.116491 | 0.030774 | -3.785379 | 0.0002 |
| LDPL? | -1.059870 | 0.227706 | -4.654548 | 0.0000 |
| ITRCL? | 0.088744 | 0.041107 | 2.158888 | 0.0319 |
| ITRLL? | -0.010793 | 0.015107 | -0.714440 | 0.4757 |
| TEL? | -0.044409 | 0.027960 | -1.588298 | 0.1136 |
| NL? | 0.105851 | 0.037425 | 2.828362 | 0.0051 |
| FDIIL? | 0.030379 | 0.010923 | 2.781312 | 0.0059 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.023866 | | | |
| _BG--C | 0.016253 | | | |
| _CZ--C | 0.020927 | | | |
| _DK--C | -0.011553 | | | |
| _DE--C | 0.002042 | | | |
| _EE--C | 0.033952 | | | |
| _IE--C | -0.000497 | | | |
| _EL--C | 0.001321 | | | |
| _ES--C | -0.037441 | | | |
| _FR--C | -0.013267 | | | |
| _IT--C | -0.040284 | | | |
| _CY--C | 0.001405 | | | |
| _LV--C | 0.051234 | | | |
| _LT--C | 0.050245 | | | |
| _LU--C | -0.028292 | | | |
| _HU--C | 0.010280 | | | |
| _MT--C | -0.055029 | | | |
| _NL--C | -0.014890 | | | |

| | |
|---|---|
| _AT--C | -0.000823 |
| _PL--C | 0.040499 |
| _PT--C | -0.062231 |
| _RO--C | 0.029689 |
| _SL--C | 0.012107 |
| _SK--C | 0.031144 |
| _FI--C | 0.000413 |
| _SE--C | 0.007286 |
| _UK--C | -0.008743 |
| Fixed Effects (Period) | |
| 1996--C | 0.000998 |
| 1997--C | -0.001103 |
| 1998--C | 7.28E-05 |
| 1999--C | -0.003568 |
| 2000--C | -0.001722 |
| 2001--C | 0.000818 |
| 2002--C | -0.000749 |
| 2003--C | 0.003042 |
| 2004--C | 0.002876 |
| 2005--C | 0.002551 |
| 2006--C | 0.000723 |
| 2007--C | -0.003939 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.795942 | Mean dependent var | 0.029940 |
| Adjusted R-squared | 0.755999 | S.D. dependent var | 0.018453 |
| S.E. of regression | 0.009115 | Akaike info criterion | -6.406730 |
| Sum squared resid | 0.019526 | Schwarz criterion | -5.799745 |
| Log likelihood | 950.3489 | F-statistic | 19.92680 |
| Durbin-Watson stat | 0.700577 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:39
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 289

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.084090 | 0.043178 | 1.947520 | 0.0526 |
| ILPPSRGDPPCL? | 0.007282 | 0.012221 | 0.595858 | 0.5518 |
| GFIL? | 0.092119 | 0.033810 | 2.724563 | 0.0069 |
| STEAL? | -0.137702 | 0.030735 | -4.480333 | 0.0000 |
| LDPL? | -0.745578 | 0.195636 | -3.811055 | 0.0002 |
| ITRCL? | 0.079598 | 0.044098 | 1.805017 | 0.0723 |
| TEL? | -0.041721 | 0.042711 | -0.976826 | 0.3296 |
| NLL? | 0.043763 | 0.053975 | 0.810812 | 0.4183 |
| FDIIL? | 0.035746 | 0.011287 | 3.166983 | 0.0017 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024863 | | | |
| _BG--C | 0.012794 | | | |
| _CZ--C | 0.023216 | | | |
| _DK--C | -0.004254 | | | |
| _DE--C | 0.007040 | | | |
| _EE--C | 0.038774 | | | |
| _IE--C | 0.002084 | | | |
| _EL--C | -0.004782 | | | |
| _ES--C | -0.042658 | | | |
| _FR--C | -0.015106 | | | |
| _IT--C | -0.045194 | | | |
| _CY--C | -0.002677 | | | |
| _LV--C | 0.052836 | | | |
| _LT--C | 0.052370 | | | |
| _LU--C | -0.024739 | | | |
| _HU--C | 0.006383 | | | |
| _MT--C | -0.069031 | | | |
| _NL--C | -0.011700 | | | |
| _AT--C | 0.002944 | | | |

| | |
|---|---|
| _PL--C | 0.037858 |
| _PT--C | -0.072576 |
| _RO--C | 0.021608 |
| _SL--C | 0.013997 |
| _SK--C | 0.030480 |
| _FI--C | 0.005404 |
| _SE--C | 0.011671 |
| _UK--C | -0.007346 |
| Fixed Effects (Period) | |
| 1996--C | -0.001757 |
| 1997--C | -0.002307 |
| 1998--C | -0.001561 |
| 1999--C | -0.004544 |
| 2000--C | -0.001367 |
| 2001--C | -0.000484 |
| 2002--C | -0.000464 |
| 2003--C | 0.001742 |
| 2004--C | 0.003647 |
| 2005--C | 0.004183 |
| 2006--C | 0.003438 |
| 2007--C | -0.000525 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.776560 | Mean dependent var | 0.030317 |
| Adjusted R-squared | 0.735183 | S.D. dependent var | 0.018567 |
| S.E. of regression | 0.009555 | Akaike info criterion | -6.318559 |
| Sum squared resid | 0.022185 | Schwarz criterion | -5.734975 |
| Log likelihood | 959.0318 | F-statistic | 18.76761 |
| Durbin-Watson stat | 0.742169 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:41
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 21
Total pool (unbalanced) observations: 223
Cross sections without valid observations dropped

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.061193 | 0.037768 | -1.620218 | 0.1069 |
| ILPPSRGDPPCL? | 0.051063 | 0.011022 | 4.632639 | 0.0000 |
| GFIL? | -0.002478 | 0.032244 | -0.076849 | 0.9388 |
| STEAL? | -0.062425 | 0.026492 | -2.356323 | 0.0195 |
| LDPL? | -0.647313 | 0.292803 | -2.210746 | 0.0283 |
| ITRKL? | -0.036170 | 0.018107 | -1.997535 | 0.0472 |
| TEL? | -0.000128 | 0.036659 | -0.003478 | 0.9972 |
| NLL? | 0.054863 | 0.049310 | 1.112611 | 0.2673 |
| FDIIL? | -0.001764 | 0.015478 | -0.113946 | 0.9094 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.033604 | | | |
| _CZ--C | 0.019067 | | | |
| _DK--C | -0.024423 | | | |
| _DE--C | -0.026876 | | | |
| _EE--C | 0.058894 | | | |
| _ES--C | -0.025241 | | | |
| _FR--C | -0.027299 | | | |
| _IT--C | -0.045420 | | | |
| _CY--C | -0.007877 | | | |
| _LV--C | 0.079753 | | | |
| _LT--C | 0.064947 | | | |
| _HU--C | 0.022476 | | | |
| _NL--C | -0.031782 | | | |
| _AT--C | -0.022402 | | | |
| _PL--C | 0.050646 | | | |
| _PT--C | -0.035203 | | | |
| _SL--C | 0.011280 | | | |
| _SK--C | 0.046057 | | | |

| | |
|---|---|
| _FI--C | -0.008384 |
| _SE--C | -0.013031 |
| _UK--C | -0.019434 |
| Fixed Effects (Period) | |
| 1996--C | 0.005355 |
| 1997--C | 0.004990 |
| 1998--C | 0.004988 |
| 1999--C | 0.001914 |
| 2000--C | 0.002736 |
| 2001--C | 0.001497 |
| 2002--C | -0.001614 |
| 2003--C | -0.002045 |
| 2004--C | -0.002015 |
| 2005--C | -0.003330 |
| 2006--C | -0.004347 |
| 2007--C | -0.008128 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.890271 | Mean dependent var | 0.028601 |
| Adjusted R-squared | 0.866886 | S.D. dependent var | 0.017915 |
| S.E. of regression | 0.006536 | Akaike info criterion | -7.061863 |
| Sum squared resid | 0.007818 | Schwarz criterion | -6.450711 |
| Log likelihood | 827.3977 | F-statistic | 38.07027 |
| Durbin-Watson stat | 0.488134 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 13:42
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 286

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.051322 | 0.043262 | 1.186306 | 0.2367 |
| ILPPSRGDPPCL? | 0.013672 | 0.012295 | 1.111952 | 0.2673 |
| GFIL? | 0.115753 | 0.032933 | 3.514823 | 0.0005 |
| STEAL? | -0.116682 | 0.031112 | -3.750388 | 0.0002 |
| LDPL? | -1.112287 | 0.230623 | -4.822968 | 0.0000 |
| ITRLL? | -0.003606 | 0.015195 | -0.237345 | 0.8126 |
| TEL? | -0.009060 | 0.037995 | -0.238468 | 0.8117 |
| NLL? | 0.079935 | 0.048653 | 1.642955 | 0.1017 |
| FDIIL? | 0.036772 | 0.010979 | 3.349404 | 0.0009 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.026030 | | | |
| _BG--C | 0.015925 | | | |
| _CZ--C | 0.017844 | | | |
| _DK--C | -0.003057 | | | |
| _DE--C | -0.000471 | | | |
| _EE--C | 0.034807 | | | |
| _IE--C | 0.009186 | | | |
| _EL--C | -0.006689 | | | |
| _ES--C | -0.038400 | | | |
| _FR--C | -0.015662 | | | |
| _IT--C | -0.044598 | | | |
| _CY--C | -0.000127 | | | |
| _LV--C | 0.050645 | | | |
| _LT--C | 0.048786 | | | |
| _LU--C | -0.023317 | | | |
| _HU--C | 0.010603 | | | |
| _MT--C | -0.058351 | | | |
| _NL--C | -0.011532 | | | |
| _AT--C | -0.002595 | | | |

| | |
|---|---|
| _PL--C | 0.038092 |
| _PT--C | -0.063348 |
| _RO--C | 0.024078 |
| _SL--C | 0.013488 |
| _SK--C | 0.029743 |
| _FI--C | 0.005772 |
| _SE--C | 0.009267 |
| _UK--C | -0.007610 |
| Fixed Effects (Period) | |
| 1996--C | -0.000354 |
| 1997--C | -0.001591 |
| 1998--C | -0.000949 |
| 1999--C | -0.004254 |
| 2000--C | -0.000815 |
| 2001--C | -6.02E-05 |
| 2002--C | -0.002110 |
| 2003--C | 0.002372 |
| 2004--C | 0.003271 |
| 2005--C | 0.003668 |
| 2006--C | 0.002650 |
| 2007--C | -0.001828 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.783197 | Mean dependent var | 0.029935 |
| Adjusted R-squared | 0.742547 | S.D. dependent var | 0.018343 |
| S.E. of regression | 0.009307 | Akaike info criterion | -6.369768 |
| Sum squared resid | 0.020789 | Schwarz criterion | -5.781741 |
| Log likelihood | 956.8768 | F-statistic | 19.26661 |
| Durbin-Watson stat | 0.734522 | Prob(F-statistic) | 0.000000 |

### C.8.3 Lagged Top Income Tax Rate Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:55
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.079304 | 0.034625 | 2.290384 | 0.0228 |
| ILPPSRGDPPCL? | 0.011477 | 0.010888 | 1.054089 | 0.2928 |
| GFIL? | 0.104647 | 0.030160 | 3.469742 | 0.0006 |
| STEAL? | -0.098579 | 0.025688 | -3.837607 | 0.0002 |
| LDPL? | -0.920256 | 0.185201 | -4.968967 | 0.0000 |
| TCITRL? | 0.018618 | 0.016428 | 1.133268 | 0.2581 |
| TPITRL? | -0.098100 | 0.018173 | -5.398142 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.008646 | | | |
| _BG--C | 0.010333 | | | |
| _CZ--C | 0.004485 | | | |
| _DK--C | 0.015655 | | | |
| _DE--C | 0.000738 | | | |
| _EE--C | 0.019681 | | | |
| _IE--C | 0.018452 | | | |
| _EL--C | -0.011958 | | | |
| _ES--C | -0.029151 | | | |
| _FR--C | -0.006522 | | | |
| _IT--C | -0.042231 | | | |
| _CY--C | -0.006676 | | | |
| _LV--C | 0.033252 | | | |
| _LT--C | 0.037733 | | | |
| _LU--C | -0.010103 | | | |
| _HU--C | 0.005394 | | | |
| _MT--C | -0.060339 | | | |
| _NL--C | 0.001300 | | | |
| _AT--C | 0.000231 | | | |
| _PL--C | 0.030185 | | | |

| | |
|---|---|
| _PT--C | -0.061451 |
| _RO--C | 0.014733 |
| _SL--C | 0.017902 |
| _SK--C | 0.016424 |
| _FI--C | 0.018175 |
| _SE--C | 0.020378 |
| _UK--C | -0.010067 |
| Fixed Effects (Period) | |
| 1996--C | -0.001844 |
| 1997--C | -0.001248 |
| 1998--C | 0.000711 |
| 1999--C | -0.001511 |
| 2000--C | 0.001917 |
| 2001--C | 0.003115 |
| 2002--C | -0.000221 |
| 2003--C | 0.000414 |
| 2004--C | 0.001281 |
| 2005--C | 0.001045 |
| 2006--C | -0.000319 |
| 2007--C | -0.003340 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.772934 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.735950 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009311 | Akaike info criterion | -6.383732 |
| Sum squared resid | 0.022886 | Schwarz criterion | -5.850861 |
| Log likelihood | 1027.095 | F-statistic | 20.89900 |
| Durbin-Watson stat | 0.741970 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:56
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.053160 | 0.036059 | 1.474239 | 0.1416 |
| ILPPSRGDPPCL? | 0.005833 | 0.011398 | 0.511758 | 0.6092 |
| GFIL? | 0.121341 | 0.031554 | 3.845521 | 0.0002 |
| STEAL? | -0.089145 | 0.026954 | -3.307234 | 0.0011 |
| LDPL? | -0.896139 | 0.194729 | -4.601977 | 0.0000 |
| TCITRL? | -0.017015 | 0.015822 | -1.075391 | 0.2832 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.016813 | | | |
| _BG--C | 0.012467 | | | |
| _CZ--C | 0.009988 | | | |
| _DK--C | -0.002083 | | | |
| _DE--C | -0.000598 | | | |
| _EE--C | 0.029560 | | | |
| _IE--C | 0.018167 | | | |
| _EL--C | -0.007138 | | | |
| _ES--C | -0.030519 | | | |
| _FR--C | -0.013910 | | | |
| _IT--C | -0.036873 | | | |
| _CY--C | -0.001551 | | | |
| _LV--C | 0.042191 | | | |
| _LT--C | 0.039778 | | | |
| _LU--C | -0.002496 | | | |
| _HU--C | 0.001185 | | | |
| _MT--C | -0.045637 | | | |
| _NL--C | -0.006695 | | | |
| _AT--C | -0.003963 | | | |
| _PL--C | 0.028219 | | | |
| _PT--C | -0.052951 | | | |
| _RO--C | 0.015860 | | | |

| | |
|---|---|
| _SL--C | 0.007929 |
| _SK--C | 0.019364 |
| _FI--C | 0.007256 |
| _SE--C | 0.009028 |
| _UK--C | -0.003244 |
| Fixed Effects (Period) | |
| 1996--C | -0.003957 |
| 1997--C | -0.003308 |
| 1998--C | -0.000584 |
| 1999--C | -0.002564 |
| 2000--C | 0.001207 |
| 2001--C | 0.002545 |
| 2002--C | -7.74E-05 |
| 2003--C | 0.000996 |
| 2004--C | 0.002241 |
| 2005--C | 0.002433 |
| 2006--C | 0.001810 |
| 2007--C | -0.000741 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.747871 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.707911 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009793 | Akaike info criterion | -6.285525 |
| Sum squared resid | 0.025412 | Schwarz criterion | -5.764764 |
| Log likelihood | 1010.971 | F-statistic | 18.71543 |
| Durbin-Watson stat | 0.649962 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:58
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.087018 | 0.033968 | 2.561797 | 0.0110 |
| ILPPSRGDPPCL? | 0.008945 | 0.010662 | 0.839006 | 0.4022 |
| GFIL? | 0.107775 | 0.030050 | 3.586561 | 0.0004 |
| STEAL? | -0.097271 | 0.025675 | -3.788495 | 0.0002 |
| LDPL? | -0.903467 | 0.184706 | -4.891373 | 0.0000 |
| TPITRL? | -0.089825 | 0.016650 | -5.394783 | 0.0000 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.007435 | | | |
| _BG--C | 0.008324 | | | |
| _CZ--C | 0.004616 | | | |
| _DK--C | 0.014989 | | | |
| _DE--C | 0.003822 | | | |
| _EE--C | 0.018419 | | | |
| _IE--C | 0.017912 | | | |
| _EL--C | -0.010589 | | | |
| _ES--C | -0.028332 | | | |
| _FR--C | -0.005541 | | | |
| _IT--C | -0.039218 | | | |
| _CY--C | -0.007598 | | | |
| _LV--C | 0.030846 | | | |
| _LT--C | 0.035174 | | | |
| _LU--C | -0.006795 | | | |
| _HU--C | 0.002494 | | | |
| _MT--C | -0.058358 | | | |
| _NL--C | 0.002014 | | | |
| _AT--C | 0.000846 | | | |
| _PL--C | 0.028588 | | | |
| _PT--C | -0.060119 | | | |
| _RO--C | 0.012232 | | | |

| | |
|---|---|
| _SL--C | 0.016068 |
| _SK--C | 0.015390 |
| _FI--C | 0.017257 |
| _SE--C | 0.019614 |
| _UK--C | -0.008768 |
| Fixed Effects (Period) | |
| 1996--C | -0.001636 |
| 1997--C | -0.000981 |
| 1998--C | 0.001011 |
| 1999--C | -0.001262 |
| 2000--C | 0.002163 |
| 2001--C | 0.003178 |
| 2002--C | -0.000179 |
| 2003--C | 0.000328 |
| 2004--C | 0.001103 |
| 2005--C | 0.000742 |
| 2006--C | -0.000753 |
| 2007--C | -0.003713 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.771829 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.735666 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009316 | Akaike info criterion | -6.385373 |
| Sum squared resid | 0.022997 | Schwarz criterion | -5.864612 |
| Log likelihood | 1026.347 | F-statistic | 21.34312 |
| Durbin-Watson stat | 0.726624 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 18:59
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.085686 | 0.041657 | 2.056947 | 0.0407 |
| ILPPSRGDPPCL? | 0.012376 | 0.011956 | 1.035192 | 0.3016 |
| GFIL? | 0.095042 | 0.031882 | 2.981023 | 0.0032 |
| STEAL? | -0.133734 | 0.029081 | -4.598642 | 0.0000 |
| LDPL? | -0.848798 | 0.185728 | -4.570106 | 0.0000 |
| TCITRL? | 0.018801 | 0.016530 | 1.137335 | 0.2565 |
| TPITRL? | -0.091946 | 0.019333 | -4.755920 | 0.0000 |
| TEL? | 0.030863 | 0.037971 | 0.812807 | 0.4171 |
| NLL? | 0.071503 | 0.047799 | 1.495921 | 0.1360 |
| FDIIL? | 0.034041 | 0.010814 | 3.147722 | 0.0018 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.019726 | | | |
| _BG--C | 0.012017 | | | |
| _CZ--C | 0.014291 | | | |
| _DK--C | 0.012856 | | | |
| _DE--C | 0.005488 | | | |
| _EE--C | 0.029006 | | | |
| _IE--C | 0.013486 | | | |
| _EL--C | -0.013930 | | | |
| _ES--C | -0.037979 | | | |
| _FR--C | -0.010954 | | | |
| _IT--C | -0.049843 | | | |
| _CY--C | -0.007203 | | | |
| _LV--C | 0.043454 | | | |
| _LT--C | 0.048751 | | | |
| _LU--C | -0.026717 | | | |
| _HU--C | 0.009162 | | | |
| _MT--C | -0.075503 | | | |
| _NL--C | -0.002119 | | | |

| | |
|---|---|
| _AT--C | 0.001387 |
| _PL--C | 0.037442 |
| _PT--C | -0.074268 |
| _RO--C | 0.020833 |
| _SL--C | 0.022153 |
| _SK--C | 0.025761 |
| _FI--C | 0.014422 |
| _SE--C | 0.017041 |
| _UK--C | -0.010757 |
| Fixed Effects (Period) | |
| 1996--C | -0.001181 |
| 1997--C | -0.001697 |
| 1998--C | -0.000303 |
| 1999--C | -0.003417 |
| 2000--C | -6.80E-05 |
| 2001--C | 0.000806 |
| 2002--C | -0.000315 |
| 2003--C | 0.001382 |
| 2004--C | 0.002831 |
| 2005--C | 0.003135 |
| 2006--C | 0.001601 |
| 2007--C | -0.002775 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.789216 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.749961 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009222 | Akaike info criterion | -6.388916 |
| Sum squared resid | 0.021006 | Schwarz criterion | -5.800044 |
| Log likelihood | 986.1706 | F-statistic | 20.10467 |
| Durbin-Watson stat | 0.819959 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 19:01
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.082302 | 0.043428 | 1.895136 | 0.0592 |
| ILPPSRGDPPCL? | 0.004479 | 0.012345 | 0.362792 | 0.7171 |
| GFIL? | 0.113632 | 0.032992 | 3.444218 | 0.0007 |
| STEAL? | -0.127706 | 0.030294 | -4.215612 | 0.0000 |
| LDPL? | -0.804004 | 0.193405 | -4.157096 | 0.0000 |
| TCITRL? | -0.012896 | 0.015773 | -0.817569 | 0.4144 |
| TEL? | 0.002483 | 0.039099 | 0.063498 | 0.9494 |
| NLL? | 0.089792 | 0.049677 | 1.807512 | 0.0719 |
| FDIIL? | 0.036383 | 0.011264 | 3.229948 | 0.0014 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.024340 | | | |
| _BG--C | 0.010016 | | | |
| _CZ--C | 0.019780 | | | |
| _DK--C | 2.34E-05 | | | |
| _DE--C | 0.006551 | | | |
| _EE--C | 0.034455 | | | |
| _IE--C | 0.010207 | | | |
| _EL--C | -0.009170 | | | |
| _ES--C | -0.041390 | | | |
| _FR--C | -0.014786 | | | |
| _IT--C | -0.043484 | | | |
| _CY--C | -0.003280 | | | |
| _LV--C | 0.047992 | | | |
| _LT--C | 0.047818 | | | |
| _LU--C | -0.016825 | | | |
| _HU--C | 0.007019 | | | |
| _MT--C | -0.063637 | | | |
| _NL--C | -0.008094 | | | |
| _AT--C | 0.000930 | | | |

| | |
|---|---|
| _PL--C | 0.034844 |
| _PT--C | -0.067910 |
| _RO--C | 0.017336 |
| _SL--C | 0.013607 |
| _SK--C | 0.028341 |
| _FI--C | 0.006518 |
| _SE--C | 0.010822 |
| _UK--C | -0.004674 |
| Fixed Effects (Period) | |
| 1996--C | -0.001857 |
| 1997--C | -0.002700 |
| 1998--C | -0.001713 |
| 1999--C | -0.004743 |
| 2000--C | -0.000937 |
| 2001--C | -0.000394 |
| 2002--C | -0.000579 |
| 2003--C | 0.001807 |
| 2004--C | 0.003848 |
| 2005--C | 0.004395 |
| 2006--C | 0.003523 |
| 2007--C | -0.000652 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.769914 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.728164 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009616 | Akaike info criterion | -6.308098 |
| Sum squared resid | 0.022930 | Schwarz criterion | -5.731755 |
| Log likelihood | 973.2904 | F-statistic | 18.44124 |
| Durbin-Watson stat | 0.762524 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/14/14 Time: 19:03
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.091649 | 0.041350 | 2.216420 | 0.0276 |
| ILPPSRGDPPCL? | 0.010251 | 0.011816 | 0.867568 | 0.3865 |
| GFIL? | 0.097180 | 0.031846 | 3.051596 | 0.0025 |
| STEAL? | -0.132791 | 0.029087 | -4.565361 | 0.0000 |
| LDPL? | -0.829386 | 0.185052 | -4.481911 | 0.0000 |
| TPITRL? | -0.083081 | 0.017703 | -4.693171 | 0.0000 |
| TEL? | 0.032947 | 0.037949 | 0.868200 | 0.3861 |
| NLL? | 0.078309 | 0.047451 | 1.650326 | 0.1001 |
| FDIIL? | 0.033647 | 0.010815 | 3.111074 | 0.0021 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.018700 | | | |
| _BG--C | 0.010584 | | | |
| _CZ--C | 0.014958 | | | |
| _DK--C | 0.011587 | | | |
| _DE--C | 0.008514 | | | |
| _EE--C | 0.028359 | | | |
| _IE--C | 0.012779 | | | |
| _EL--C | -0.012319 | | | |
| _ES--C | -0.037197 | | | |
| _FR--C | -0.010253 | | | |
| _IT--C | -0.046944 | | | |
| _CY--C | -0.007876 | | | |
| _LV--C | 0.041787 | | | |
| _LT--C | 0.046881 | | | |
| _LU--C | -0.023747 | | | |
| _HU--C | 0.006768 | | | |
| _MT--C | -0.073215 | | | |
| _NL--C | -0.001672 | | | |
| _AT--C | 0.001781 | | | |

| | |
|---|---|
| _PL--C | 0.036380 |
| _PT--C | -0.072785 |
| _RO--C | 0.019150 |
| _SL--C | 0.020464 |
| _SK--C | 0.025478 |
| _FI--C | 0.012988 |
| _SE--C | 0.015771 |
| _UK--C | -0.009494 |
| Fixed Effects (Period) | |
| 1996--C | -0.000776 |
| 1997--C | -0.001317 |
| 1998--C | 3.47E-05 |
| 1999--C | -0.003143 |
| 2000--C | 0.000181 |
| 2001--C | 0.000808 |
| 2002--C | -0.000334 |
| 2003--C | 0.001283 |
| 2004--C | 0.002634 |
| 2005--C | 0.002781 |
| 2006--C | 0.001091 |
| 2007--C | -0.003242 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.788112 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.749665 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009227 | Akaike info criterion | -6.390495 |
| Sum squared resid | 0.021116 | Schwarz criterion | -5.814153 |
| Log likelihood | 985.4028 | F-statistic | 20.49844 |
| Durbin-Watson stat | 0.803415 | Prob(F-statistic) | 0.000000 |

### C.8.4 Lagged Tax Structure Variables

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:12
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.023924 | 0.040717 | 0.587578 | 0.5573 |
| ILPPSRGDPPCL? | 0.013347 | 0.011824 | 1.128775 | 0.2600 |
| GFIL? | 0.101270 | 0.031953 | 3.169327 | 0.0017 |
| STEAL? | -0.085899 | 0.026715 | -3.215346 | 0.0015 |
| LDPL? | -0.860426 | 0.186124 | -4.622874 | 0.0000 |
| TTL? | -0.024115 | 0.054808 | -0.439998 | 0.6603 |
| CTL? | 0.273824 | 0.066926 | 4.091475 | 0.0001 |
| KTL? | -0.270054 | 0.084987 | -3.177575 | 0.0017 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.010061 | | | |
| _BG--C | 0.008796 | | | |
| _CZ--C | 0.013932 | | | |
| _DK--C | -0.013665 | | | |
| _DE--C | -0.005018 | | | |
| _EE--C | 0.022226 | | | |
| _IE--C | 0.017868 | | | |
| _EL--C | -0.006142 | | | |
| _ES--C | -0.020549 | | | |
| _FR--C | -0.008457 | | | |
| _IT--C | -0.026122 | | | |
| _CY--C | 0.001702 | | | |
| _LV--C | 0.040141 | | | |
| _LT--C | 0.033852 | | | |
| _LU--C | 0.007962 | | | |
| _HU--C | -0.008174 | | | |
| _MT--C | -0.049372 | | | |
| _NL--C | -0.009161 | | | |

| | |
|---|---|
| _AT--C | -0.006620 |
| _PL--C | 0.032143 |
| _PT--C | -0.053362 |
| _RO--C | 0.020319 |
| _SL--C | -0.004169 |
| _SK--C | 0.023277 |
| _FI--C | 0.004457 |
| _SE--C | 0.004810 |
| _UK--C | 0.001960 |
| Fixed Effects (Period) | |
| 1996--C | -0.005249 |
| 1997--C | -0.003539 |
| 1998--C | -0.000255 |
| 1999--C | -0.001522 |
| 2000--C | 0.001672 |
| 2001--C | 0.003522 |
| 2002--C | 0.000628 |
| 2003--C | 0.000995 |
| 2004--C | 0.001474 |
| 2005--C | 0.001529 |
| 2006--C | 0.001166 |
| 2007--C | -0.000422 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.771686 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.733488 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009354 | Akaike info criterion | -6.371756 |
| Sum squared resid | 0.023012 | Schwarz criterion | -5.826774 |
| Log likelihood | 1026.250 | F-statistic | 20.20273 |
| Durbin-Watson stat | 0.698338 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:14
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.013999 | 0.042192 | 0.331792 | 0.7403 |
| ILPPSRGDPPCL? | 0.016672 | 0.012281 | 1.357573 | 0.1758 |
| GFIL? | 0.115248 | 0.032278 | 3.570498 | 0.0004 |
| STEAL? | -0.098851 | 0.027304 | -3.620409 | 0.0004 |
| LDPL? | -0.886098 | 0.189661 | -4.672008 | 0.0000 |
| TTL? | 0.007850 | 0.056099 | 0.139927 | 0.8888 |
| KTL? | -0.303990 | 0.086768 | -3.503469 | 0.0005 |
| LTL? | 0.167661 | 0.067652 | 2.478281 | 0.0138 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.027192 | | | |
| _BG--C | 0.026533 | | | |
| _CZ--C | 0.010780 | | | |
| _DK--C | -0.020534 | | | |
| _DE--C | -0.019710 | | | |
| _EE--C | 0.026642 | | | |
| _IE--C | 0.027804 | | | |
| _EL--C | 0.003914 | | | |
| _ES--C | -0.027298 | | | |
| _FR--C | -0.019378 | | | |
| _IT--C | -0.037746 | | | |
| _CY--C | 0.015796 | | | |
| _LV--C | 0.048232 | | | |
| _LT--C | 0.041465 | | | |
| _LU--C | 0.005261 | | | |
| _HU--C | -0.002409 | | | |
| _MT--C | -0.040377 | | | |
| _NL--C | -0.015404 | | | |
| _AT--C | -0.018919 | | | |
| _PL--C | 0.042106 | | | |

| | |
|---|---|
| _PT--C | -0.046707 |
| _RO--C | 0.032325 |
| _SL--C | -0.004591 |
| _SK--C | 0.031474 |
| _FI--C | -0.002602 |
| _SE--C | -0.017596 |
| _UK--C | 0.008136 |
| Fixed Effects (Period) | |
| 1996--C | -0.006159 |
| 1997--C | -0.004509 |
| 1998--C | -0.001125 |
| 1999--C | -0.002523 |
| 2000--C | 0.001434 |
| 2001--C | 0.003190 |
| 2002--C | -0.000238 |
| 2003--C | 0.000705 |
| 2004--C | 0.001798 |
| 2005--C | 0.002835 |
| 2006--C | 0.003147 |
| 2007--C | 0.001445 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.762695 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.722994 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009536 | Akaike info criterion | -6.333133 |
| Sum squared resid | 0.023918 | Schwarz criterion | -5.788151 |
| Log likelihood | 1020.303 | F-statistic | 19.21087 |
| Durbin-Watson stat | 0.687485 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:15
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.042153 | 0.041444 | 1.017096 | 0.3100 |
| ILPPSRGDPPCL? | 0.009293 | 0.012126 | 0.766408 | 0.4441 |
| GFIL? | 0.103339 | 0.032540 | 3.175715 | 0.0017 |
| STEAL? | -0.080570 | 0.027317 | -2.949447 | 0.0035 |
| LDPL? | -0.843515 | 0.189707 | -4.446412 | 0.0000 |
| TTL? | -0.122312 | 0.051007 | -2.397939 | 0.0172 |
| CTL? | 0.268410 | 0.074958 | 3.580784 | 0.0004 |
| LTL? | 0.038791 | 0.074217 | 0.522666 | 0.6016 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.009266 | | | |
| _BG--C | 0.006857 | | | |
| _CZ--C | 0.011873 | | | |
| _DK--C | -0.003891 | | | |
| _DE--C | -0.000449 | | | |
| _EE--C | 0.026380 | | | |
| _IE--C | 0.014274 | | | |
| _EL--C | -0.010775 | | | |
| _ES--C | -0.025641 | | | |
| _FR--C | -0.009234 | | | |
| _IT--C | -0.029914 | | | |
| _CY--C | -0.005041 | | | |
| _LV--C | 0.040436 | | | |
| _LT--C | 0.035939 | | | |
| _LU--C | 2.25E-05 | | | |
| _HU--C | -0.001767 | | | |
| _MT--C | -0.049853 | | | |
| _NL--C | -0.006740 | | | |
| _AT--C | -0.001521 | | | |
| _PL--C | 0.026660 | | | |

| | |
|---|---|
| _PT--C | -0.054667 |
| _RO--C | 0.017662 |
| _SL--C | 0.004305 |
| _SK--C | 0.018656 |
| _FI--C | 0.009114 |
| _SE--C | 0.015091 |
| _UK--C | -0.004245 |
| Fixed Effects (Period) | |
| 1996--C | -0.004280 |
| 1997--C | -0.003111 |
| 1998--C | -0.000254 |
| 1999--C | -0.001032 |
| 2000--C | 0.001322 |
| 2001--C | 0.002899 |
| 2002--C | 0.000286 |
| 2003--C | 0.000908 |
| 2004--C | 0.001706 |
| 2005--C | 0.001610 |
| 2006--C | 0.001056 |
| 2007--C | -0.001111 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.763166 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.723544 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009527 | Akaike info criterion | -6.335121 |
| Sum squared resid | 0.023871 | Schwarz criterion | -5.790139 |
| Log likelihood | 1020.609 | F-statistic | 19.26099 |
| Durbin-Watson stat | 0.670085 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:17
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.049580 | 0.041350 | 1.199032 | 0.2317 |
| ILPPSRGDPPCL? | 0.013158 | 0.011906 | 1.105185 | 0.2702 |
| GFIL? | 0.093702 | 0.031824 | 2.944430 | 0.0035 |
| STEAL? | -0.117401 | 0.029413 | -3.991491 | 0.0001 |
| LDPL? | -0.784493 | 0.184094 | -4.261374 | 0.0000 |
| TTL? | -0.006714 | 0.054354 | -0.123518 | 0.9018 |
| CTL? | 0.231691 | 0.066436 | 3.487416 | 0.0006 |
| KTL? | -0.312911 | 0.086733 | -3.607768 | 0.0004 |
| NLL? | 0.102075 | 0.033126 | 3.081418 | 0.0023 |
| FDIIL? | 0.026081 | 0.010918 | 2.388855 | 0.0177 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.016333 | | | |
| _BG--C | 0.008322 | | | |
| _CZ--C | 0.022544 | | | |
| _DK--C | -0.013226 | | | |
| _DE--C | -0.000227 | | | |
| _EE--C | 0.025230 | | | |
| _IE--C | 0.011198 | | | |
| _EL--C | -0.005187 | | | |
| _ES--C | -0.029206 | | | |
| _FR--C | -0.008839 | | | |
| _IT--C | -0.030601 | | | |
| _CY--C | 0.002374 | | | |
| _LV--C | 0.044633 | | | |
| _LT--C | 0.040152 | | | |
| _LU--C | -0.005508 | | | |
| _HU--C | -0.001744 | | | |
| _MT--C | -0.061337 | | | |
| _NL--C | -0.010823 | | | |

| | |
|---|---|
| _AT--C | -0.003567 |
| _PL--C | 0.039581 |
| _PT--C | -0.063527 |
| _RO--C | 0.022290 |
| _SL--C | -4.01E-05 |
| _SK--C | 0.033186 |
| _FI--C | 0.002366 |
| _SE--C | 0.003656 |
| _UK--C | 0.001840 |
| Fixed Effects (Period) | |
| 1996--C | -0.002387 |
| 1997--C | -0.002283 |
| 1998--C | -0.001179 |
| 1999--C | -0.003708 |
| 2000--C | -4.36E-05 |
| 2001--C | 0.000947 |
| 2002--C | -8.57E-05 |
| 2003--C | 0.001560 |
| 2004--C | 0.002690 |
| 2005--C | 0.002867 |
| 2006--C | 0.002264 |
| 2007--C | -0.000640 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.791853 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.753089 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009164 | Akaike info criterion | -6.401506 |
| Sum squared resid | 0.020743 | Schwarz criterion | -5.812634 |
| Log likelihood | 988.0214 | F-statistic | 20.42743 |
| Durbin-Watson stat | 0.786463 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:33
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.033326 | 0.041765 | 0.797945 | 0.4257 |
| ILPPSRGDPPCL? | 0.020641 | 0.012154 | 1.698294 | 0.0907 |
| GFIL? | 0.096514 | 0.031552 | 3.058887 | 0.0025 |
| STEAL? | -0.137868 | 0.029319 | -4.702374 | 0.0000 |
| LDPL? | -0.760391 | 0.183859 | -4.135725 | 0.0000 |
| TTL? | -0.016066 | 0.054598 | -0.294258 | 0.7688 |
| KTL? | -0.367074 | 0.087070 | -4.215861 | 0.0000 |
| LTL? | 0.251661 | 0.067153 | 3.747586 | 0.0002 |
| NLL? | 0.141078 | 0.033923 | 4.158751 | 0.0000 |
| FDIIL? | 0.028204 | 0.010834 | 2.603208 | 0.0098 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.038323 | | | |
| _BG--C | 0.030216 | | | |
| _CZ--C | 0.022006 | | | |
| _DK--C | -0.026666 | | | |
| _DE--C | -0.018923 | | | |
| _EE--C | 0.030623 | | | |
| _IE--C | 0.019442 | | | |
| _EL--C | 0.007534 | | | |
| _ES--C | -0.037931 | | | |
| _FR--C | -0.022627 | | | |
| _IT--C | -0.044049 | | | |
| _CY--C | 0.019096 | | | |
| _LV--C | 0.056130 | | | |
| _LT--C | 0.050283 | | | |
| _LU--C | -0.011565 | | | |
| _HU--C | 0.005435 | | | |
| _MT--C | -0.052797 | | | |
| _NL--C | -0.020941 | | | |

| | |
|---|---|
| _AT--C | -0.019976 |
| _PL--C | 0.054567 |
| _PT--C | -0.057075 |
| _RO--C | 0.041532 |
| _SL--C | -0.002648 |
| _SK--C | 0.047529 |
| _FI--C | -0.009729 |
| _SE--C | -0.027031 |
| _UK--C | 0.008490 |
| Fixed Effects (Period) | |
| 1996--C | -0.002113 |
| 1997--C | -0.002460 |
| 1998--C | -0.002045 |
| 1999--C | -0.004262 |
| 2000--C | -0.000495 |
| 2001--C | 3.04E-05 |
| 2002--C | -0.001257 |
| 2003--C | 0.001065 |
| 2004--C | 0.002795 |
| 2005--C | 0.003919 |
| 2006--C | 0.003977 |
| 2007--C | 0.000847 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.793354 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.754869 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009131 | Akaike info criterion | -6.408743 |
| Sum squared resid | 0.020594 | Schwarz criterion | -5.819871 |
| Log likelihood | 989.0852 | F-statistic | 20.61480 |
| Durbin-Watson stat | 0.817183 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:30
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.067526 | 0.041818 | 1.614771 | 0.1076 |
| ILPPSRGDPPCL? | 0.009929 | 0.012197 | 0.814014 | 0.4164 |
| GFIL? | 0.097719 | 0.032437 | 3.012566 | 0.0029 |
| STEAL? | -0.120425 | 0.030304 | -3.973884 | 0.0001 |
| LDPL? | -0.747537 | 0.188220 | -3.971618 | 0.0001 |
| TTL? | -0.135586 | 0.051654 | -2.624868 | 0.0092 |
| CTL? | 0.181848 | 0.075939 | 2.394648 | 0.0174 |
| LTL? | 0.132343 | 0.076462 | 1.730845 | 0.0847 |
| NLL? | 0.099150 | 0.034695 | 2.857735 | 0.0046 |
| FDIIL? | 0.032894 | 0.011002 | 2.989878 | 0.0031 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.022517 | | | |
| _BG--C | 0.011737 | | | |
| _CZ--C | 0.020154 | | | |
| _DK--C | -0.005377 | | | |
| _DE--C | 0.000446 | | | |
| _EE--C | 0.032002 | | | |
| _IE--C | 0.009592 | | | |
| _EL--C | -0.007649 | | | |
| _ES--C | -0.038284 | | | |
| _FR--C | -0.013970 | | | |
| _IT--C | -0.039537 | | | |
| _CY--C | -0.001238 | | | |
| _LV--C | 0.048562 | | | |
| _LT--C | 0.045832 | | | |
| _LU--C | -0.015493 | | | |
| _HU--C | 0.006516 | | | |
| _MT--C | -0.061880 | | | |
| _NL--C | -0.010813 | | | |

| | |
|---|---|
| _AT--C | -0.001996 |
| _PL--C | 0.037252 |
| _PT--C | -0.064877 |
| _RO--C | 0.024810 |
| _SL--C | 0.009057 |
| _SK--C | 0.031311 |
| _FI--C | 0.004819 |
| _SE--C | 0.007036 |
| _UK--C | -0.003278 |
| Fixed Effects (Period) | |
| 1996--C | -0.001833 |
| 1997--C | -0.002258 |
| 1998--C | -0.001473 |
| 1999--C | -0.003066 |
| 2000--C | -0.000715 |
| 2001--C | -0.000122 |
| 2002--C | -0.000713 |
| 2003--C | 0.001383 |
| 2004--C | 0.003107 |
| 2005--C | 0.003562 |
| 2006--C | 0.002945 |
| 2007--C | -0.000817 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.783510 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.743192 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009346 | Akaike info criterion | -6.362207 |
| Sum squared resid | 0.021575 | Schwarz criterion | -5.773335 |
| Log likelihood | 982.2444 | F-statistic | 19.43330 |
| Durbin-Watson stat | 0.764642 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:35
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.031234 | 0.040329 | 0.774483 | 0.4393 |
| ILPPSRGDPPCL? | -0.000159 | 0.012080 | -0.013161 | 0.9895 |
| GFIL? | 0.127053 | 0.031597 | 4.021092 | 0.0001 |
| STEAL? | -0.056864 | 0.026989 | -2.106960 | 0.0361 |
| LDPL? | -0.853890 | 0.185435 | -4.604805 | 0.0000 |
| TTL? | -0.030070 | 0.045739 | -0.657435 | 0.5115 |
| ETL? | 0.905850 | 0.160531 | 5.642839 | 0.0000 |
| PTL? | -0.217668 | 0.321996 | -0.675997 | 0.4996 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.004284 | | | |
| _BG--C | 0.006003 | | | |
| _CZ--C | 0.002621 | | | |
| _DK--C | -0.017004 | | | |
| _DE--C | -0.002828 | | | |
| _EE--C | 0.024555 | | | |
| _IE--C | 0.021166 | | | |
| _EL--C | -0.003090 | | | |
| _ES--C | -0.014975 | | | |
| _FR--C | -0.002685 | | | |
| _IT--C | -0.030571 | | | |
| _CY--C | -0.003768 | | | |
| _LV--C | 0.035048 | | | |
| _LT--C | 0.030092 | | | |
| _LU--C | 0.005346 | | | |
| _HU--C | -0.003421 | | | |
| _MT--C | -0.039784 | | | |
| _NL--C | -0.012968 | | | |
| _AT--C | -0.002276 | | | |
| _PL--C | 0.024514 | | | |

| | |
|---|---|
| _PT--C | -0.044922 |
| _RO--C | 0.010128 |
| _SL--C | -0.003364 |
| _SK--C | 0.013511 |
| _FI--C | 0.005428 |
| _SE--C | 0.010804 |
| _UK--C | 0.004913 |
| Fixed Effects (Period) | |
| 1996--C | -0.003339 |
| 1997--C | -0.002791 |
| 1998--C | -0.000579 |
| 1999--C | -0.003185 |
| 2000--C | -0.000624 |
| 2001--C | 0.002592 |
| 2002--C | 0.000374 |
| 2003--C | 0.001440 |
| 2004--C | 0.001933 |
| 2005--C | 0.001793 |
| 2006--C | 0.001978 |
| 2007--C | 0.000407 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.774462 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.736729 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009297 | Akaike info criterion | -6.383991 |
| Sum squared resid | 0.022732 | Schwarz criterion | -5.839009 |
| Log likelihood | 1028.135 | F-statistic | 20.52502 |
| Durbin-Watson stat | 0.739590 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:40
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 308

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.058392 | 0.041318 | 1.413234 | 0.1588 |
| ILPPSRGDPPCL? | -0.004769 | 0.012093 | -0.394327 | 0.6937 |
| GFIL? | 0.124135 | 0.031294 | 3.966777 | 0.0001 |
| STEAL? | -0.066275 | 0.026967 | -2.457639 | 0.0146 |
| LDPL? | -0.902657 | 0.184532 | -4.891612 | 0.0000 |
| TTL? | -0.043686 | 0.045585 | -0.958350 | 0.3388 |
| ETL? | 0.947686 | 0.159734 | 5.932912 | 0.0000 |
| RTIPL? | -1.278093 | 0.524612 | -2.436262 | 0.0155 |
| OPTL? | 0.377824 | 0.395383 | 0.955591 | 0.3402 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.001448 | | | |
| _BG--C | -0.002910 | | | |
| _CZ--C | 0.000528 | | | |
| _DK--C | -0.004354 | | | |
| _DE--C | 0.000335 | | | |
| _EE--C | 0.023547 | | | |
| _IE--C | 0.025482 | | | |
| _EL--C | -0.015330 | | | |
| _ES--C | -0.022420 | | | |
| _FR--C | 0.003894 | | | |
| _IT--C | -0.033146 | | | |
| _CY--C | -0.005762 | | | |
| _LV--C | 0.037493 | | | |
| _LT--C | 0.027330 | | | |
| _LU--C | -0.001076 | | | |
| _HU--C | -0.009038 | | | |
| _MT--C | -0.055334 | | | |
| _NL--C | -0.014543 | | | |
| _AT--C | -0.001206 | | | |

| | |
|---|---|
| _PL--C | 0.032152 |
| _PT--C | -0.052997 |
| _RO--C | 0.004979 |
| _SL--C | -0.002526 |
| _SK--C | 0.013915 |
| _FI--C | 0.005679 |
| _SE--C | 0.019268 |
| _UK--C | 0.030822 |
| Fixed Effects (Period) | |
| 1996--C | -0.004541 |
| 1997--C | -0.003545 |
| 1998--C | -0.001589 |
| 1999--C | -0.004089 |
| 2000--C | -0.001462 |
| 2001--C | 0.002204 |
| 2002--C | 0.000630 |
| 2003--C | 0.002188 |
| 2004--C | 0.002950 |
| 2005--C | 0.002595 |
| 2006--C | 0.002960 |
| 2007--C | 0.001697 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.779902 | Mean dependent var | 0.030096 |
| Adjusted R-squared | 0.742099 | S.D. dependent var | 0.018119 |
| S.E. of regression | 0.009202 | Akaike info criterion | -6.401913 |
| Sum squared resid | 0.022184 | Schwarz criterion | -5.844820 |
| Log likelihood | 1031.895 | F-statistic | 20.63064 |
| Durbin-Watson stat | 0.784628 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:42
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.065090 | 0.040731 | 1.598055 | 0.1113 |
| ILPPSRGDPPCL? | -0.003585 | 0.012032 | -0.297946 | 0.7660 |
| GFIL? | 0.122581 | 0.031352 | 3.909887 | 0.0001 |
| STEAL? | -0.090045 | 0.029762 | -3.025491 | 0.0027 |
| LDPL? | -0.758404 | 0.183536 | -4.132183 | 0.0000 |
| TTL? | -0.022511 | 0.045823 | -0.491257 | 0.6237 |
| ETL? | 0.856005 | 0.158337 | 5.406228 | 0.0000 |
| PTL? | -0.418367 | 0.327648 | -1.276877 | 0.2028 |
| NLL? | 0.086393 | 0.032541 | 2.654895 | 0.0084 |
| FDIIL? | 0.033117 | 0.010680 | 3.100698 | 0.0022 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.006619 | | | |
| _BG--C | 0.000247 | | | |
| _CZ--C | 0.009695 | | | |
| _DK--C | -0.011988 | | | |
| _DE--C | 0.004215 | | | |
| _EE--C | 0.025293 | | | |
| _IE--C | 0.013701 | | | |
| _EL--C | -0.003196 | | | |
| _ES--C | -0.021664 | | | |
| _FR--C | -0.000495 | | | |
| _IT--C | -0.033032 | | | |
| _CY--C | -0.004878 | | | |
| _LV--C | 0.037565 | | | |
| _LT--C | 0.034684 | | | |
| _LU--C | -0.005786 | | | |
| _HU--C | 0.000132 | | | |
| _MT--C | -0.054112 | | | |
| _NL--C | -0.011269 | | | |

| | |
|---|---|
| _AT--C | 0.001449 |
| _PL--C | 0.029377 |
| _PT--C | -0.056826 |
| _RO--C | 0.008452 |
| _SL--C | 0.000783 |
| _SK--C | 0.019283 |
| _FI--C | 0.004732 |
| _SE--C | 0.013315 |
| _UK--C | 0.010391 |
| Fixed Effects (Period) | |
| 1996--C | -0.001527 |
| 1997--C | -0.002279 |
| 1998--C | -0.001739 |
| 1999--C | -0.005400 |
| 2000--C | -0.002669 |
| 2001--C | -0.000162 |
| 2002--C | -0.000129 |
| 2003--C | 0.002256 |
| 2004--C | 0.003528 |
| 2005--C | 0.003811 |
| 2006--C | 0.003709 |
| 2007--C | 0.000600 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.794385 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.756093 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009108 | Akaike info criterion | -6.413746 |
| Sum squared resid | 0.020491 | Schwarz criterion | -5.824875 |
| Log likelihood | 989.8207 | F-statistic | 20.74514 |
| Durbin-Watson stat | 0.843921 | Prob(F-statistic) | 0.000000 |

Dependent Variable: LDPRGDPPC?
Method: Pooled Least Squares
Date: 04/15/14 Time: 11:43
Sample (adjusted): 1996 2007
Included observations: 12 after adjustments
Cross-sections included: 27
Total pool (unbalanced) observations: 294

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.088701 | 0.042001 | 2.111894 | 0.0357 |
| ILPPSRGDPPCL? | -0.007660 | 0.012109 | -0.632606 | 0.5276 |
| GFIL? | 0.120860 | 0.031151 | 3.879871 | 0.0001 |
| STEAL? | -0.099366 | 0.029895 | -3.323859 | 0.0010 |
| LDPL? | -0.800772 | 0.183417 | -4.365858 | 0.0000 |
| TTL? | -0.033608 | 0.045821 | -0.733454 | 0.4640 |
| ETL? | 0.887831 | 0.158001 | 5.619157 | 0.0000 |
| RTIPL? | -1.266457 | 0.519934 | -2.435806 | 0.0156 |
| OPTL? | 0.110672 | 0.412175 | 0.268508 | 0.7885 |
| NLL? | 0.078265 | 0.032554 | 2.404198 | 0.0169 |
| FDIIL? | 0.032330 | 0.010615 | 3.045750 | 0.0026 |
| Fixed Effects (Cross) | | | | |
| _BE--C | -0.005493 | | | |
| _BG--C | -0.006998 | | | |
| _CZ--C | 0.008143 | | | |
| _DK--C | -0.001240 | | | |
| _DE--C | 0.007124 | | | |
| _EE--C | 0.024976 | | | |
| _IE--C | 0.017720 | | | |
| _EL--C | -0.014023 | | | |
| _ES--C | -0.028643 | | | |
| _FR--C | 0.004476 | | | |
| _IT--C | -0.035915 | | | |
| _CY--C | -0.006676 | | | |
| _LV--C | 0.039734 | | | |
| _LT--C | 0.032580 | | | |
| _LU--C | -0.009982 | | | |
| _HU--C | -0.004865 | | | |
| _MT--C | -0.067996 | | | |

| | |
|---|---|
| _NL--C | -0.012594 |
| _AT--C | 0.002680 |
| _PL--C | 0.035536 |
| _PT--C | -0.064421 |
| _RO--C | 0.004002 |
| _SL--C | 0.001637 |
| _SK--C | 0.019553 |
| _FI--C | 0.005413 |
| _SE--C | 0.020607 |
| _UK--C | 0.031054 |
| Fixed Effects (Period) | |
| 1996--C | -0.003007 |
| 1997--C | -0.003224 |
| 1998--C | -0.002681 |
| 1999--C | -0.006175 |
| 2000--C | -0.003301 |
| 2001--C | -0.000303 |
| 2002--C | 0.000197 |
| 2003--C | 0.002919 |
| 2004--C | 0.004418 |
| 2005--C | 0.004569 |
| 2006--C | 0.004676 |
| 2007--C | 0.001912 |

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.797978 | Mean dependent var | 0.030264 |
| Adjusted R-squared | 0.759380 | S.D. dependent var | 0.018443 |
| S.E. of regression | 0.009047 | Akaike info criterion | -6.424570 |
| Sum squared resid | 0.020133 | Schwarz criterion | -5.823169 |
| Log likelihood | 992.4117 | F-statistic | 20.67421 |
| Durbin-Watson stat | 0.873621 | Prob(F-statistic) | 0.000000 |